



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**ON THE FINANCIAL STATEMENTS AUDIT
OF THE LIBERIA RENEWABLE ENERGY
ACCESS PROJECT (LIRENAP) IDA 5759-
LR**

**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. Joseph Tye William
Executive Director
Rural Renewable Energy Agency (RREA)
Monrovia, Liberia

December 30, 2021

Dear Mr. William;

AUDITOR GENERAL'S REPORT ON LIBERIA RENEWABLE ENERGY ACCESS PROJECT (LIRENAP) FOR THE PERIOD ENDED JUNE 30, 2021

Opinion

We have audited the financial statements of Liberia Renewable Energy Access Project (LIRENAP) for the year ended June 30, 2021. These financial statements comprises 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 financial statements present fairly in all material respects, the statement of Cash Receipts and Payments, statements of Comparison of Budget and Actual amounts and summary of other explanatory notes of LIRENAP as at June 30, 2021 in accordance with International Public Sector Accounting Standard (IPSAS) Cash Basis of Accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards for 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 Liberia Renewable Energy Access Project (LIRENAP) 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 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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 these financial statements in accordance with International Public Sector Accounting Standard (IPSAS) Cash Basis of Accounting, 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 the Project Management Team's 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 liquidate the PMT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the PMT 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 14 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 LIRENAP

Under the provisions of the same Act, I am required to prepare financial statements of the LIRENAP 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.



Mr. Joseph T. Williams
Executive Director /Rural Renewable Energy Agency (RREA)



Date

Overview of the Financial Statements

The Rural and Renewable Energy Agency (RREA) with project name Liberia Renewable Energy Access Project for the reporting period July 1, 2020-June 30, 2021, had the following activities in the three components:

Component 1: Decentralization Electrification in Lofa County

Component 3: Technical Assistance to Strengthen Rural Electrician Institutions

Component 3 Market Development of Stand-Alone Solar Systems

Receipts

The Rural and Renewable Energy Agency (RREA) with project name Liberia Renewable Energy Access Project for the reporting period July 1, 2020-June 30, 2021, received US\$793,726.52 from the World Bank-IDA Credit to its bank account and the World Bank also made direct payments of US\$3,325,803.59 on behalf of the project to third parties (contractors) so as to increase access to electricity and to foster the use of renewable energy resources.

Payments

The Rural and Renewable Energy Agency (RREA) controlled from its bank accounts an amount of US\$793,726.52 of which the total of US\$562,065.74 was expended on the following activities: US\$ 356,161.58 was paid for local consultancy services; while Operations expense accounted for US\$174,641.45; and Fixed Assets acquisition amounted to US\$13,530.00.



Mr. Raymond Ogunti
Deputy Executive Director
Administration & Finance

Dec. 30, 2021

Date

Liberia Renewable Energy Access Project (LIRENAP)
Statement of Cash Receipts and Payments

Account		FY 2020/2021	FY 2019/2020
		RECEIPT/PAYMENTS CONTROLLED BY ENTITY	RECEIPT/PAYMENTS CONTROLLED BY ENTITY
TITLE/DESCRIPTION	NOTES	US\$	US\$
RECEIPTS			
World Bank-IDA Credit	1	793,726.52	1,011,553.67
LIRENAP-IDA			4,914.17
Others			880.57
Total Receipts		<u>793,726.52</u>	1,017,348.41
Payments			
Operations			
Consultancy	2	373,894.29	927,855.61
Operations	3	174,281.45	202,031.24
Operations LIRENAP -IDA	3	360.00	3,965.25
Fixed Assets	4	13,530.00	<u>12,010.00</u>
Total Payments		<u>562,065.74</u>	<u>1,145,862.10</u>
Net Increase/Decrease		231,660.78	(128,513.69)
Cash at Beginning of the year July 1,2020		2,345,966.56	2,474,480.25
Cash at the end of year June 30, 2021		<u>2,577,627.34</u>	<u>2,345,966.56</u>

The notes on page 9 to 14 are integral part of these project financial reports



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE LIRENAP FOR THE PERIOD ENDED JUNE 30, 2021 CLASSIFICATION OF PAYMENTS BY FUNCTIONS (Note 6)					
Account Title/Description	Original Budget US\$	Final Budget US\$	Actual Amount US\$	Difference: Final Budget and Actual US\$	Percentage Variance %
Cash Inflows					
IDA-World Bank	4,462,243.33	4,462,243.33	4,119,530.11	(342,713.22)	-8%
LIRENAP -IDA Loan	-	-	-	-	-
Balance B/F	-	-	2,244,449.82	2,244,449.82	-
Balance B/F IDA	-	-	99,716.74	99,716.74	-
petty Cash	-	-	1,800.00	1,800.00	-
Total Receipts	4,462,243.33	4,462,243.33	6,465,496.67	2,003,253.34	45%
Cash Outflows					
Consultancy	3,699,697.88	3,699,697.88	3,699,697.88	-	-
Operations	748,415.45	748,415.45	174,281.45	574,134.00	77%
Operations IDA	600.00	600.00	360.00	240 .00	40%
Fixed Assets	13,530.00	13,530.00	13,530.00	-	0%
Total Expenditure	4,462,243.33	4,462,243.33	3,887,869.33	574,374 .00	-13%
Net Cash Flows	-	-	<u>2,577,627.34</u>	<u>1,428,879.34</u>	

The notes on page 9 to 14 are integral part of these project financial reports



NOTES TO THE FINANCIAL STATEMENTS

1. General Information and Accounting Policies

The Rural and Renewable Energy Agency (RREA) is an Agency of the Government established and enacted into law on July 6, 2015 for the purpose of facilitating and accelerating the economic transformation of rural Liberia by promoting the commercial development and supply of modern energy services to rural areas with an emphasis on locally available renewable resources. One of the RREA's principal functions include planning and financing of rural energy projects for implementation by public, private, and community developers, including educating the public about renewable energy options and opportunities. The RREA is also mandated to manage the Rural Energy Fund (REFUND), a transparent financial management system through which all domestic and international resources intended for rural energy programs shall be managed to achieve universal energy access. The principal address of the entity is Newport Street, Monrovia, Liberia.

The RREA implements the Liberia Renewable energy Access Project (LIRENAP) funded by the World Bank with the aim of supplying and installing on the Kaiha River two (2)small hydropower plant (2.5mw) in Lofa county to supply power to towns and villages in the Kolahun area

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

(b) Reporting Entity

The financial statements are for the Liberia Accelerated Electricity Expansion Project.

(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 July 1, 2020 to June 30, 2021

(e) Payment by external third parties

There World Bank made third party payments totaling US\$3,325,803.59 to foreign contractors / consultants for works on the project during the period as stipulated below.

Date	Payee	Amount (USD)
09/16/2020	Wilkins Engineering Ltd	510,335.58
10/15/2020	ENCO (Private) Limited	1,152,566.22
05/24/2021	Wilkins Engineering Ltd	510,335.57
06/04/2021	ENCO (Private) Limited	1,152,566.22
		<u>3,325,803.59</u>

Explanatory Notes and Schedules to the Financial Statement

Below is a breakdown of IDA receipt by LIRENAP

1. World Bank IDA Credit	FY 2020/2021	FY 2019/2020
Dates	US\$	
October 8,2019		382,958.13
February 11,2020		251,591.19
June 4,2020		377,004.35
December 21,2020	479,315.01	
March 16,2021	185,255.95	
June 15,2021	129,155.56	
Total	<u>793,726.52</u>	<u>1,011,553.67</u>

Below is a breakdown of IDA receipt by LIRENAP- IDA

1 World Bank IDA Credit	FY 2020/2021	FY 2019/2020
Dates	US\$	
September 10,2019		1,168.66
December 2,2019		3,572.95
May 4,2020		172.56
Total		4,914.17
Grand Total		<u>1,016,467.84</u>



2. Consultancy		
Consultancy	FY 2020/2021	FY 2019/2020
Local Consultants		
Project Coordinator	38,340.00	64,800.00
Safeguard Specialist	29,500.00	30,000.00
Project Engineer	41,300.00	42,146.00
IT Officer	17,700.00	18,000.00
Finance Assistant	11,800.00	12,000.00
Social Development Officer	17,857.00	18,159.60
Electrical Engineer	12,540.00	1,058.00
Business Development Officer	17,857.00	18,159.60
Civil Engineer	20,086.00	20,426.40
Community Outreach Officer	16,840.00	16,065.00
Procurement Officer	13,500.00	18,000.00
Construction & Rehabilitation Road	118,841.58	586,746.88
Foreign Consultants		
Owner Engineer	17,732.71	35,341.27
Total	<u>373,894.29</u>	<u>880,902.75</u>

The amount of US\$**373,894.29** represents payment to consultants of the Liberia Renewable Energy Access Project (LIRENAP) as remuneration.

3. Operations

Operations	FY 2020/2021	FY 2019/2020
Audit Service	8,925.00	12,000.00
Stationery & Supplies	15,981.05	3,728.95
Printing & Photocopying	1,145.00	8,114.00
Computer, Printer, Soft Ware	0	85.00
In-country Travel & Road Show	23,470.00	11,469.30
Internet Subscription	13,990.00	14,583.00
Communication (Phone cards)	23,844.00	14,886.00
Training & Capacity Building	0	18,537.66
Meeting /Workshop & conference	14,319.55	4,322.86
Security	17,700.00	18,150.00
Repair & Maintenance-Building	2,154.03	573.00
Equipment Maintenance	613.50	1,080.00
Janitorial & General maintenance	2,852.00	4,755.20
Vehicle/Motorbike/Gent	17,651.00	18,556.80
Driver License Renewable	90.00	0
Vehicle Fuel	3,040.00	5,067.00
Vehicle Insurance	0	5,517.60
Vehicle Registration		0
Electricity/LEC	3,200.00	4,000.00
Garbage Collection	280.00	200.00
Generator Fuel	3,000.00	2,300.00
Water	1,060.00	1,120.00
Advertising or Promotional	500.00	5,390.34
Bank Charges	4,499.32	11,085.53



Area based Off-grid Rural Electrician Project - Studies & Project	5,907.00	
Warehouse & Storage facility	1,300.00	24,700.00
Public Awareness Campaign		8,820.00
Logistics & handling (local Import)	35.00	630.00
Production Distribution & Related Activities		2,359.00
Other Related Project Cost	8,725.00	0
Total	<u>174,281.45</u>	<u>202,031.24</u>

Operations – LIRENAP- IDA

Operations	FY 2020/2021	FY 2019/2020
Bank Charges	360.00	490.25
Land acquisition, works Monitoring and registration	0	3,475.00
Total	360.00	3,965.25
Grand Total	<u>174,641.45</u>	<u>205,996.49</u>

The above breakdown of US\$**174,641.45** was disbursed on the project's operations

4. Fixed Assets

Fixed Assets	FY 2020/2021	FY 2019/2021
Microwave Oven		295.00
Desk phone		80.00
Desk phone		80.00
Conference Video		6,275.00
Video Conferencing System		3,261.00
Dell Laptop Computers	9,250.00	
Air conditioner	340.00	
Executive Chair	245.00	
Office Open Back Shelf		129.00
Water dispenser	160.00	
File Cabinet	135.00	



Motorcycle	3,400.00	
Lenovo ThinkPad Laptop Computer		1,890.00
Total	<u>13,530.00</u>	<u>12,010.00</u>

The amount of US\$**13,530.00** represents the total expenditure on fixed assets.

Budget Variance Explanation

1. During the period under reviewed, we budgeted the total amount of 4,462,243.33 for LIRENAP Grant but received the amount of 4,119,530.11 meaning the amount received was less by (342,713.22), representing 8% drop in the Final Budget.

2. Variance of Operations cost for LIRENAP Grant of US\$574,134.00 (77%) of the Final Budget was due to less spending for the period.

Explanatory Notes for withholding Taxes withheld and paid

During the period under reviewed, the total amount of **US\$28,893.50** were taxes withheld and paid on goods and services. **See table below:**

Taxes withheld and paid

Date	Account	Narrative	Amount US\$
09/23/2020	General Revenue Account	Payment for withholding tax June to August 2020	11,307.09
11/24/2020	General Revenue Account	Payment for tax for Sept.2020 & Oct.2020	4,628.60
01/21/2021	General Revenue Account	Payment for tax for services provided June 2020-Dec.31,2020	679.81
01/21/2021	General Revenue Account	Payment for withholding tax for Nov. & Dec. 2020	5,928.60
02/26/2021	General Revenue Account	Payment for withholding tax for Jan.2021	2,517.80
03/04/2021	General Revenue Account	Payment for tax for Feb. 2021	1,977.80
06/03/2021	General Revenue Account	Payment of withholding tax for the month April 2021	1,853.80
Total			28,893.50

Commitments

For the fiscal year ended June 2021, the Project had committed to paying the former Project coordinator Samuel B Nagbe Jr., two months of salary payment totaling US\$11,100.00 for termination of contract

