



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**On the Financial Statement Audit of the
Liberia Social Safety Net Project (LSSNP)
(IDA 57910 & TFA6428 & TFB4346)**

For the fiscal period ended 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
CGMA	Certified Global Management Accountant
CFC	Certified Financial Consultant
CFE	Certified Fraud Examiner
CFIP	Certified Forensic Investigative Professional
CFC	Certified Financial Consultant
CPA	Certified Public Accountant
DMA	Deputy Minister for Administration
F/S	Financial Statements
GoL	Government of Liberia
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
LSSNP	Liberia Social Safety Net Project
MGCSP	Ministry of Gender, Children and Social Protection
No.	Number
PCO	Project Coordination Office
PFM	Public Financial Management
PIM	Project Implementation Manual
POM	Project Operational Manual
PPC	Public Procurement & Concessions
QPR	Quarterly Progress Report
SOE	Statement of Expenditures
ToR	Term of Reference
USD/US\$	United States Dollars

Hon. Piso Saydee Tarr
Minister
Ministry of Gender, Children and Social Protection
Republic of Liberia

December 31, 2021

Dear Hon. Tarr:

**RE: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE
LIBERIA SOCIAL SAFETY NET PROJECT (LSSNP)**

Opinion

We have audited the accompanying financial statements of the Liberia Social Safety Net Project (LSSNP) as at June 30, 2021 financed by (IDA 57910 & TFA6428) which comprises the Statement of Receipts and Payments, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and explanatory notes.

In our opinion, the accompanying financial statements (IDA 57910 & TFA6428) 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 LSSNP 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

FINANCIAL STATEMENTS
GRANT NO: IDA 57910 &TFA6428
Liberia Social Safety Net Project (LSSNP)
Project Financial Management Unit (PFMU)
Statement of Receipts and Payments

For the Fiscal Period Ended June 30, 2021

	Note	FY 2020/2021 US\$	FY 2019/2020 US\$
Receipt			
IDA Grant	4	6,706,652	1,916,494
Total Receipt		<u>6,706,652</u>	<u>1,916,494</u>
Payment			
Strengthening the national social safety net delivery system	5	873,957	633,049
Cash transfer to extremely poor and food insecure households	6 7	843,062	586,585
Project Management and Administration		601,047	708,575
Total Payments		<u>2,318,066</u>	<u>1,928,209</u>
Excess of Receipts over payments/(Payments over Receipts)		4,388,586	(11,715)
Fund Balance at the beginning of the year		<u>1,112,234</u>	<u>1,123,949</u>
Cumulative fund balance at the end of the year		<u>5,500,820</u>	<u>1,112,234</u>

The notes on pages 9 to 13 are integral part of these project financial reports

GRANT NO: IDA 57910 &TFA6428
Liberia Social Safety Net Project (LSSNP)
Project Financial Management Unit (PFMU)
Statement of Comparison of Budget and Actual Amounts
For the Fiscal Year Ended June 30, 2021

	Note	Project Allocation US\$	Annual Budget US\$	Actual Expenditure US\$	Variance US\$	Percentage Variance (%)
Activities with in components						
Strengthening the National Social Safety Net Delivery System	12	6,000,000	3,456,887	873,957	2,582,930	74.72
Cash transfer to extremely poor and food insecure Households	12	10,800,000	5,775,800	843,062	4,932,738	85.40
Project Management and Administration	12	2,100,000	1,417,400	601,047	816,353	57.60
Total		18,900,000	10,650,087	2,318,066	8,332,021	

The notes on pages 9 to 13 are integral part of these project financial reports

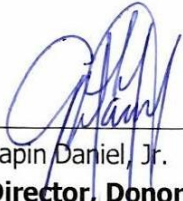
GRANT NO: IDA 57910 &TFA6428
Liberia Social Safety Net Project (LSSNP)
Project Financial Management Unit (PFMU)
Statement of Fund Balance and Cash Status
For the Fiscal Year Ended June 30, 2021

	FY 2020/2021	FY 2019/2020
	US\$	US\$
A. FUND BALANCE		
Balance as at the beginning of the year	1,112,234	1,123,949
Add: Total Receipts during the period	6,706,652	1,916,494
Total fund available for operations	7,818,886	3,040,443
Less: Total payments during the period	2,318,066	1,928,209
Balance as at June 30, 2020	5,500,820	1,112,234
 B. CASH STATUS		
Cash on hand	-	-
Cash in bank	5,500,820	1,112,234
Total cash on hand and in bank	5,500,820	1,112,234
Different between A and B	-	-
-		

The notes on pages 9 to 13 are integral part of these project financial reports

GRANT NO: IDA 57910 &TFA6428
Liberia Social Safety Net Project (LSSNP)
Project Financial Management Unit (PFMU)
Statement of Financial Position
For the Fiscal Year Ended June 30, 2021

	FY 2020/2021 US\$	FY 2019/2020 US\$
Assets:		
Cash and cash equivalent	5,500,820	1,112,234
Total Assets	5,500,820	1,112,234
Fund Balance		
Grants	5,500,820	1,112,234
Accumulated Fund Balance	<u><u>5,500,820</u></u>	<u><u>1,112,234</u></u>



Papin Daniel, Jr.
Director, Donor Financed Projects
PFMU, MFDP



Aurelius Butler
Nat'l Social Protection Coord-LSSNP
MoGCSP

The notes on pages 9 to 13 are integral part of these project financial reports

NOTES TO FINANCIAL STATEMENTS

1. Background and Information of the Project

With support from the International Development Association and the Trust Fund (USAID Financing); the Liberia Social Safety Nets (LSSN)-project is to establish the key building blocks of a basic National Safety Net Delivery System and provide income support to households who are both extremely poor and food insecure in the Republic of Liberia. The LSSNP was approved by the World Bank on April 28, 2016 with a grant of US\$18,900,000 (Eighteen million, nine hundred thousand United States Dollars).

The aim of the Project is:

- To improve efficiency, enhance capacity, and strengthen the National SSN system in Liberia through the development of the basic building blocks of a safety net delivery system
- To provide income support to about 10,000 extremely poor and food insecure households in Liberia through regular cash transfers and accompanying measures.
- To finance project management and capacity building of the SSNP implemented by the Ministry of Gender, Children, and Social Protection or MGCSP

2. Use of Grant Proceeds

The table below sets out the category 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 express in US\$ to be financed	% of expenditure
Strengthening of the national social safety net system	6,000,000	100
Cash transfer to extremely poor and food insecure households	10,800,000	100
Project Management and capacity building	2,100,000	100
Total	<u>18,900,000</u>	

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

	% of expenditure
IDA Grant	<u>100</u>
Total	<u>100</u>

3. Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) Cash Basis 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. This implies that all expenditures are expensed whether they are revenue or capital in nature and income is recognized when funds are received from the World Bank.

Reporting Currency

The 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 the transaction(s). Balances denominated in other currencies are translated into United States Dollars at the rate of exchange prevailing on the reporting date.

Notes to the Financial Statements (continued)

	FY 2020/2021	FY 2019/2020
	US\$	US\$
Loan Receipts		
Loan from donors for the LSSNP is recognized and reported on the statement of receipts and payments as an income when received and held in a bank account called designated income account for disbursement purpose. All payments for the LSSNP 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		
4. Grant Receipt:		
IDA 57910	2,306,396	1,344,288
TF-A6428	1,128,756	572,206
TFB4346	3,271,500	-
Sub total	6,706,652	1,916,494

5.Strengthening the national social safety net delivery system:

Strengthening the operational aspects of the LSSNP

Sub total

873,957

633,049

873,957

633,049

6.Cash transfer to extremely poor and food in secured household:

Cash transfer to extremely poor and food in secured

Sub total

843,062

586,585

843,062

586,585

7.Project Management and Administration:

Human resource (LSSN Secretarial, (SCT & SR)

Capacity building and coordination (SCT &SR)

Capacity building and coordination (SCT &SR) LACC

Sub total

548,685

680,536

52,362

11,015

-

17,024

601,047

708,575

8.Cash receipt through grant and other sources

IDA grant

6,706,652

1,916,494

9.Cash paid

Strengthening the national social safety net delivery system

Cash transfer to extremely poor and food in secured households

Project management & Administration

Total payments

873,957

633,049

843,062

586,585

601,047

708,575

2,318,066

1,928,209

GRANT NO: IDA 57910 &TFA6428
Liberia Social Safety Net Project (LSSNP)
Project Financial Management Unit (PFMU)
Project Designated Account Statement
For the Fiscal Year Ended June 30, 2021

Account No. 1602003361/1502023908(Central Bank of Liberia)
Account Type: Current Accounts
Depository Bank: Central Bank of Liberia
Ashmun Street
Monrovia, Liberia

Account No. 0321617002000100(Eco Bank Ltd)
13th Street, Sinkor
Account Type: Current Accounts
Depository Bank: Monrovia, Liberia

Account No. 6101741622/6101741632(Eco Bank Ltd)
11th Street, Sinkor
Account Type: Current Accounts
Depository Bank: Monrovia, Liberia

Account No. 03216170020001000
Account Type: Current Account
Depository Bank: Guaranty Trust Bank (Liberia) Ltd
Ashmun Street
Monrovia, Liberia

	FY 2020/2021	FY 2019/2020 US\$
Total Grant Received	6,706,652	1,916,494
Total Grant Income Reported	6,706,652	1,916,494
Amount spent	2,318,066	1,928,209
Add balance at the beginning of the year	1,112,234	1,123,949
Balance as at June 30	<u>5,500,820</u>	<u>1,112,234</u>
Destinated A/C IDA57910 _ CBL	-	396,386
Designated A/C-GT Bank	178,857	235,783
Designated A/C-TFA6428-CBL	-	-
Destinated A/C – IDA57910_ ECObank	4,506,438	-
Designated A/C-TFA6428_ECObank	814,522	480,065
Cash on Hand (Petty Cash)	1,003	-
Total	<u>5,500,820</u>	<u>1,112,234</u>

Note 14: Narrative on variance analysis

The 74.72% Variance was attributed to: This variance could be attributed to the delays in completing several procurement tasks to contract the services of a firm for the complete setup of the LSSNP Management Information systems, MIS, and also to hire a data collection firm to conduct household data collection exercises in several counties in Liberia. Being the amounts for these two services made up a significant portion of the allotment in the category, the timeliness for completing the aforementioned contracts and services were key in meeting the allotment targets. But unfortunately, this was not the case and as a result the expenditure against allotment were minimal.

The 85.4 % variance was attributed to cash transfer is one of the core components of the LSSNP activities in the project, but its implementation has been delayed due to the Covid19 pandemic. Plans to implement several quarterly payments in the fiscal year 2020-21 were marred by operational delays and most significantly the Covid19 pandemic as previously mentioned. Operational delays were mainly associated with discontinuing the services of the service providers as they presented huge financial cost to the project and instead use in house capacities to perform the tasks on cash payment to household in the Southeast. All targeted allotments to household in the period mentioned were underachieved as a result of the Covid19 pandemic and discontinuation of services of local firm who presented huge cost to the project, thus leading to the variance.

The 57.6% variance is attributed to: This category of variance can be attributed to the delays in the hiring of key staff, making payments against operational contracts, hiring of technical consultants to perform research on social protection activities in Liberia.