



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On The Financial Statement Audit of the
Liberia Sustainable Management of
Fisheries Project (LSMFP)**

Loan No. IDA V3100

For the Period ended June 30, 2021

December, 2021

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

Table of Contents

Opinion.....	3
Management’s Responsibility for the Financial Statements	4
Auditor General’s Responsibility	4
LSMFP Financial Statement for the Period Ended June 30, 2021	5
STATEMENT OF RECEIPTS AND PAYMENTS	6
STATEMENT OF FUND BALANCE AND CASH STATUS	7
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	8
STATEMENT OF FINANCIAL POSITION	9
NOTES TO FINANCIAL STATEMENTS	10

Management Letter



December 30, 2021

Hon. Emma Metieh Glassco
Director General
National Fisheries and Aquaculture Authority (NaFAA)
Monrovia, Liberia

Dear Hon. Glassco:

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF LIBERIA LAND SUSTAINABLE MANGEMENT OF FISHERIES PROJECT (LSMFP) FOR THE PERIOD ENDED JUNE 30, 2021.

We have audited the financial statements (Loan No. IDA V3100) of the Liberia Sustainable Management of Fisheries Project (LSMFP) which comprise the statement of Cash Receipts and Payments for the period ended 30 June 2021, the Statement of Comparison Budget and Actual Amounts and a summary of significant accounting policies and other explanatory information.

Opinion

In our opinion, the accompanying financial statements (Loan No. IDA V3100) 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 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. 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 guidelines 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 for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (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.

Auditor General's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.


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

Monrovia, Liberia

December 2021

LSMFP Financial Statement for the Period Ended June 30, 2021

STATEMENT OF RECEIPTS AND PAYMENTS
 FOR THE PERIOD ENDED JUNE 31, 2021

2

<i>In United States Dollars</i>	Notes	April 2020 to June 2021
Receipt		
IDA Grant	4	1,850,620
Total Receipt		<u>1,850,620</u>
Payment		
Component 1	5	-
Component 2	6	-
Component 3	7	-
Project Management	8	-
Project Preparation Advance	9	1,357,065
Total Payments		<u>1,357,065</u>
Excess of receipts over payments (payments over receipts)		493,555
Fund Balance as at beginning		<u>-</u>
Cummulative fund balance		<u><u>493,555</u></u>

The notes on pages 10 to 14 are integral part of these project financial reports

STATEMENT OF FUND BALANCE AND CASH STATUS
 FOR THE PERIOD ENDED JUNE 31, 2021

3

	Notes	April 2020 to June 2021
<i>In United States Dollars</i>		
A Fund Balance		
Balance of Project Fund		0
Add: Total Receipts during the period		<u>1,850,620</u>
Total Fund available for operations		1,850,620
Less: Total Payments during the period		<u>1,357,065</u>
Balance of project fund at the end of the year		493,555
B Cash Status:		
Cash at Bank		<u>493,555</u>
Total Cash on hand and in bank		493,555
Difference between A and B		<u><u>-</u></u>

The notes on pages 10 to 14 are integral part of these project financial reports

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021
Uses of Funds By Activity Within Components


Activities Within Components	Note	Project Allocation US\$	Annual Budget US\$	Year to date Expenditure US\$	Variance US\$	% of Variance
Component 1						
Institutional Strengthening and Capacity Building		318,500	0	0	0	0
Improving Management of Selected Fishries		2,776,300	0	0	0	0
Support to management of information on fisheries		713,000	0	0	0	0
Support to community-led fisheries management		772,000	0	0	0	0
Sub-Total		4,579,800	0	0	0	0
Component 2						
Strengthening national post-harvest value systems		8,119,000	0	0	0	0
Support focus on women		1,381,000	0	0	0	0
Sub-Total		9,500,000	0	0	0	0
Component 3						
Strengthen extension and advisory services		880,500	0	0	0	0
Deepening the engagement of private sector in aquaculture		650,000	0	0	0	0
		1,530,500	0	0	0	0
Project Management		710,804	0	0	0	0
Project Preparation Advance	11	3,678,896	3,678,896	1,357,065	2,321,830	63
GRAND TOTAL		20,000,000	3,678,896	1,357,065	2,321,830	63

The notes on pages 10 to 14 are integr... part of these project financial reports


**STATEMENT OF FINANCIAL POSITION
 FOR THE PERIOD ENDED JUNE 31, 2021**

5

<i>In United States Dollars</i>	Notes	April 2020 to June 2021
Assets		
Cash and cash equivalent		<u>493,555</u>
Total Assets	10	493,555
Fund Balance		
Grants	9	<u>493,555</u>
Accumulated Fund Balance		<u><u>493,555</u></u>



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



 T. Woibah Suwo
 Acting Coordinator
 NAAFA

The notes on pages 10 to 14 are integral part of these project financial reports

NOTES TO FINANCIAL STATEMENTS

6

1. Background and Information of the Project

1. With support from the International Development Association; the Liberia Sustainable Management of Fisheries Project is to improve fisheries management and enhance livelihood and income for government and targeted beneficiaries. The project design is based on a holistic and integrated approach focusing on the fisheries sector by (a) improving governance and management reforms, developing human and institutional capacity, and improving policies, strategies, institutional and legal frameworks; (b) supporting activities that aim at increasing the national value addition provided by the fisheries sector, such as the establishment of an industrial and artisanal fish landing sites at the Mesurado Pier, Monrovia, toward improving conditions for industrial fish landing and for export of high-value fish species and fish products; and (c) supporting marine fisheries production. The World Bank approved the Liberia Sustainable Management of Fisheries Project on January 21, 2020 with a grant amount of USD 3,678,895.56.

The Project consists of the following components:

Component 1: Improving management of selected fisheries

Sub-component 1.1. Institutional strengthening and capacity building.

This sub-component will support ongoing reforms of key aspects of the sector's institutional, policy and legislative regimes, and also strengthen and equip national and sub-national fisheries institutions with capacity to sustainably manage the sector and fisheries resources. The component will also support enhancing cooperation and coordination mechanisms and capacity building across the various sector actors.

Sub-component 1.2. Improving management of selected fisheries.

This sub-component will sustain and enhance the national fisheries reform results obtained during the WARF-P project and prepare Liberia for the long-term goal of sustainable fisheries sector growth led by the private sector and embracing stronger and sustained participation by fishing communities.

Component 2: Improving handling of fish and fish products

Sub-component 2.1. Strengthening national post-harvest value systems.

This sub-component will support (i) procurement of fishing equipment and gears, including fiber glass semi-industrial vessels for piloting in 9 counties); (ii) expansion of the NaFAA office to create additional work space for project and NaFAA staff; (iii) construction/expansion of the fishery hub at the Mesurado pier which is under development in Monrovia to provide for a semi industrial and artisanal fish landing site with shore facilities for fish auction, processing and marketing, and provision for private sector investment in ice production and chill storage.

Sub-component 2.2. Support focused on women.

As women are important players in the fisheries sector in Liberia, particularly in the post-harvest sector, the project will have specific activities to support women and women entrepreneurship development, including financial management.

Component 3: Project management

This component will support the implementation, management, coordination and oversight of the proposed project, including establishing and implementing a simple and smart monitoring and evaluation (M&E) system, and training of the implementing entities on applying the new World Bank's environmental and social framework (ESF) and standards (ESS). Among others, this component will also finance the establishment and operations of project implementation units/entities (PIUs), including the salaries of staff hired to implement the proposed project. Furthermore, the component will provide funds for new and relevant studies identified and agreed during implementation of the project. Funds from this component can also be used to prepare follow on projects or additional financing.

NOTES TO FINANCIAL STATEMENTS

Project Preparation Advance

The Government will be submitting a request for a project preparatory advance (PPA) to finance a number of preparatory activities, including consultancy services and studies, non-consultancy services, operation and maintenance as well salaries of project staff. The estimate under the PPA amounts to US\$3,678,895.56 and will be part of the total project envelope of US\$20 million.

2. Use of Grant Proceeds

The table below sets out the activities to be financed out of the grant proceeds, the allocation of the amounts of the grant to each activity is shown below:

Activities	Amount of grant allocated US\$
Improving management of selected fisheries	2,500,000.00
Improving handling of fish and fish products	15,000,000.00
Project management	2,500,000.00
Project Preparation Advance	<u>3,678,895.56</u>
	<u>23,678,895.56</u>

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

	% of Expenditure
IDA grant	100
Total	<u>100</u> =====

NOTES TO FINANCIAL STATEMENTS

8

3. Significant Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS) as adopted by the Government of Liberia 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.

Reporting currency

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 transactions. Balances denominated in other currencies are translated into United States Dollars at the rate of exchange prevailing on the reporting date.

Loan Receipts

Loan from donors for the LSMF project is recognized and reported in the Statement of Receipt and Payment as income when received and held in a bank account called deferred income account for transitory purposes. Amounts approved for disbursement are transferred from the deferred account into another bank account called the designated account. All payments for the LSMF 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9

April 2020 to
June 2021

In United States Dollars

4 Grant

Grant from LSMFP is held in a deferred income account when received and are only recognized in the Project's income statement when utilized.

Grant Receipt

IDA V3100 1,502,396

Direct Payments

IDA V3100 346,409

Other Receipts 1,815

1,850,620

5 Component 1

Institutional Strengthening and Capacity Building -

Improving Management of Selected Fisheries -

Support to management of information on fisheries -

Support to community-led fisheries management -

-

6 Component 2

Strengthening national post-harvest value systems -

Support focus on women -

-

7 Component 3

Strengthen extension and advisory services -

Deepening the engagement of private sector in aquaculture -

-

9 Project Management -

10 Project Preparation Advance 1,357,065

11 Cash receipts through grant and other Sources

IDA grant 1,850,620

Variance Explanation

The variance is due to unpaid activities such as stock assessment, design studies, economic feasibility and unpaid taxes for various vendors and consultants.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10

	April 2020 to June 2021
<i>In United States Dollars</i>	
12 Cash paid	
Component 1	-
Component 2	-
Component 3	-
Project Management	-
Project Preparation Advance	1,357,065
Total Payments	<u>1,357,065</u>