

## Management Letter



### On the Financial Statement Audit of the Liberia Urban Water Supply Project (LUWSP)

*For the Period Ended June 30, 2021*



**Promoting Accountability of Public Resources**

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

**Monrovia, Liberia**  
December 2021

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## **ACRONYMS USED**

<b>Acronyms</b>	<b>Meaning</b>
ACCA	Association of Certified Charter Accountant
AFS	Audited Financial Statements
AG	Auditor General
CFIP	Certified Forensic Investigation Professional
CFC	Certified Forensic Accountant
CV	Curriculum Vitae
FAR	Fixed Assets Register
GAC	General Auditing Commission
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
LUWSP	Liberia Urban Water Supply Project
LWSC	Liberia Water and Sewer Corporation
M&E	Monitoring and Evaluation
MD	Managing Director
NRW	Non- revenue Water
PDO	Project Development Objective
PFM	Public Finance Management
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PIUD	Project Implementation Unit Director

December 30, 2021

Hon. Duwannah Kamara

**Managing Director**

Liberia Urban Water Supply Project (LUWSP)

Monrovia, Liberia

Dear Hon. Kamara:

**Re: Management Letter on the Financial Statement Audit of the Liberia Urban Water Supply Project (LUWSP) for the fiscal period July 1, 2020 to June 30, 2021.**

The financial statements of the Liberia Urban Water Supply Project (LUWSP) for the period July 1, 2020 to June 30, 2021 are subject to audit by the Auditor General in terms of Section 2.1.3 of the New General Auditing Commission (GAC) Act of 2014.

**Introduction**

The audit of the LUWSP financial statements for the period ended 30 June 2020 was completed and the purpose of this letter is to bring to your attention the findings that were revealed during the audit.

**Scope and Determination of Responsibility**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that the audit is planned and performed so as to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the financial statements.

And audit includes:

- Examination on a test basis of evidence supporting the amount and disclosures in the financial statements.
- Assessment of the accounting principles used and significant estimates made by management.
- Evaluation of the overall financial statement presentation.

The audit also included an examination, on a test basis, of evidence support compliance in all material respect with the relevant laws and regulations which came to our attention and are applicable to financial matters.

The matter mentioned in this Management Letter are therefore those that were identified through tests considered necessary for the purpose of the audit and it is possible that there might be other matters and/ or weaknesses that were not identified.

The financial statements, maintenance of effective control measures and compliance with laws and regulations are the responsibility of the Project Management. Our responsibility is to express our opinion on these financial statements.

The audit findings which were identified during the course of the audit are included below.

**APPRECIATION**

We would like to express our appreciation for the courtesy accorded and assistance rendered by the staff of the LUWSP Project Implementation Unit (PIU) of the Liberia Water and Sewer Corporation (LWSC).



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

**Monrovia, Liberia  
December, 2021**

## 1 DETAILED FINDINGS AND RECOMMENDATIONS

### 1.1 Non-Achievement of Project Deliverables

#### Observation

1.1.1.1 Section 2.2 of the LUWSP Project implantation manual States" The objective of the project is to increase access to piped water supply services in the project area in Monrovia and improve the operational efficiency of LWSC. To Achieve this objective, the project will provide a credit of US\$ 30,000,000 to fund two project components: Component 1 supports the rehabilitation and extension of priority infrastructure of the LWSC water distribution network; Component 2 supports institutional capacity-building to strengthen LWSC's management and operational team, with a particular focus on reducing Non-Revenue Water (NRW).

1.1.1.2 We observed that several project components outlined in the Project Work Plan for LUWSP were not implemented during the period under audit. **See table below for detail:**

#### Non-implementation of project programs

Activities	Current Status	Budgeted	Actuals	(\$ Diff.	(%) Diff.
<b>(COMPONENT 1-Infrastructure improvements)</b>					
1.1 (Rehabilitation and extension of Monrovia piped water distribution system)		4,705,275	786,021	3,919,254	83.3%
1.2 (Feasibility studies, detailed engineering designs, supervision and associated rehabilitation works for 36' main waterline)		650,250.00	29,476	620,774	95.5%
1.3 (Construction of a ground reservoir and connecting it to the existing water distribution network)		-	-	-	-
<b>Total (COMPONENT 1-Infrastructure improvements)</b>		<b>5,355,525.00</b>	<b>815,497</b>	<b>4,540,028</b>	<b>84.8%</b>
<b>2.0 (COMPONENT 2- Capacity Building to the LWSC)</b>					
2.1 (Capacity Building to LWSC)		566,410	68,140	498,270	88%
2.2 (WORLD BANK COVID-19 INTERVENTION-LWSC)		160,315	157,043	3,272	2%
2.3 (Project Implementation Unit)		608,520	414,432	194,088	31.9%
<b>Total (COMPONENT 2-Capacity Building-LWSC)</b>		<b>1,335,245</b>	<b>639,615</b>	<b>695,630</b>	<b>52.1%</b>

Activities	Current Status	Budgeted	Actuals	(\$ ) Diff.	(%) Diff.
<b>(COMPONENT 1-Infrastructure improvements)</b>					
<b>TOTAL</b>		<b>6,690,770</b>	<b>1,455,112</b>	<b>5,235,658</b>	<b>78.3%</b>

### **Risk**

- 1.1.1.3 Failure to implement project programs as outlined in the LUWSP work plan and budget for the period could lead to project objectives not being achieved.
- 1.1.1.4 Delays in in the achievement of project deliverables may result in additional expenditures (fixed cost etc) of the project

### **Recommendation**

- 1.1.1.5 The LUWSP Management should provide justification for not meeting the project targets earmarked for the period.
- 1.1.1.6 Management should ensure timely execution of the project deliverables as prescribed in the work plan.

### **Management's Response**

- 1.1.1.7 Component 1 has an unspent balance of 84.8% because the procurement process for the recruitment of contractor for the construction of a million-gallon ground reservoir in Paynesville and an express line from Fish Market booster station to Newport Street booster station and consultants for the supervision of civil works could not be completed during the fiscal year under audit (FY 2020-2021). The current status of these procurement activities is outlined below:
- (I) Activity 1.1.7– Procurement of Civil Works (Express Line + Ground Reservoir)— We have received Bank No Objection and Contract signed. Implementation is ongoing
  - (II) Activity 1.2.2 – Feasibility + Design + Preparation of bidding Documents for the Replacement of the 36-Inch Main Water Transmission Line from with Plains to Monrovia. We have received No Objection from the Bank and Contract signed. Implementation is ongoing.
  - (III) Activity 1.1.6 – Supervision Services for Civil Works Construction of Express Line + Ground Reservoir. We have received No Objection from the PPCC and Contract signed. Implementation is ongoing.
- 1.1.1.8 Component 2 has an unspent balance of 52.1%. This was also because we could not conclude the procurement process for sub-components 2.1.2 (Improved Customer Service), sub-components 2.1.3 (public Consultation)

- 1.1.1.9 The PIU has developed and is implementing a rigid Procurement Action Plan for the achievement of the Project components which are still in delay. Implementation of Express Line and Ground Reservoir are far advanced.

**Auditor General's Position**

- 1.1.1.10 We acknowledge management's assertion that "The PIU has developed and is implementing a rigid Procurement Action Plan for the achievement of the Project components which are still in delay." We will make a follow up during subsequent audit. However, we maintain our findings and recommendation.



## Issue Related to Previous Year Audit Matters

### Status of Previous Year Audit recommendations

Paragraph No.	Source of finding	Status of Implementation	Description of Finding
Paragraph 1.22	GAC Management Letter 2019/ 2020	Not Implemented	Segregation of Duties (MD of LWSC still involved with signing of payment vouchers and checks).
Paragraph 1.2.8	GAC Management Letter 2019/2020	Not Implemented	Fixed Asset (Project Vehicle) not coded since it was Purchase Dec 15, 2018
1.1.1.1	GAC Management Letter FY 2019/2020	Not Implemented	Lack of full Accountability for Fuel procured by the Bank. (Covid -19 Emergency Support to LWSC (See exhibit on page 9 & 10)



Republic of Liberia  
 LIBERIA WATER & SEWER CORPORATION  
 Project Implementation Unit  
 Liberia Urban Water Supply Project (LUWSP)  
 Barclay Avenue, Fiamah  
 Monrovia

COVID-19 EMERGENCY SUPPORT TO LIBERIA WATER & SEWER CORPORATION  
DIESEL FUEL SUPPLY DAILY USAGE LOG

DATE: Oct-6, 2021

GENERATOR USED: 1710-1244

TOTAL RUNNING HRS. READING AT START *	START TIME	END TIME	TOTAL RUNNING HRS. READING AT END *	TOTAL FUEL QUANTITY AT START (GALS)	TOTAL FUEL QUANTITY AT END (GALS)	FUEL USED (GALS)	FUEL DIPSTICK READING BEFORE DRAWDOWN*	FUEL DIPSTICK READING AFTER DRAWDOWN*	LEC METER READING AT START*	LEC METER READING AT END*
1710	10:35 AM	11:05 AM	0.55 HRS			15				





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 Barclay Avenue, Fiamah  
 Monrovia

COVID-19 EMERGENCY SUPPORT TO LIBERIA WATER & SEWER CORPORATION

DATE: Oct-1, 2021

DIESEL FUEL SUPPLY DAILY USAGE LOG

GENERATOR USED: 1710-LWT

TOTAL RUNNING HRS. READING AT START *	START TIME	END TIME	TOTAL RUNNING HRS. READING AT END *	TOTAL FUEL QUANTITY AT START (GALS)	TOTAL FUEL QUANTITY AT END (GALS)	FUEL USED (GALS)	FUEL DIPSTICK READING BEFORE DRAWDOWN*	FUEL DIPSTICK READING AFTER DRAWDOWN*	LEC METER READING AT START*	LEC METER READING AT END*
1710 kwh	10:35	11:05	0.55 Hrs			15				
	Am	Am								

