



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**On The Financial Statement Audit
of the Mano River Union Road
Development and Transportation
Facility Programme (MRU/RDTFP)**

**Grant No. ADF Loan 2100150032544
TSF Loan-5900150000351
TSF2 Loan-2100150033397**

For the year ended June 30, 2021

December 2021

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

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AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE MANO RIVER UNION ROAD DEVELOPMENT AND TRANSPORTATION FACILITY PROGRAMME (MRU/RDTFP) FOR THE FISCAL PERIOD ENDED JUNE 30, 2021

We have audited the financial statements (Grant No. ADF Loan 2100150032544, TSF Loan-5900150000351, TSF2 Loan-2100150033397) of the Mano River Union Road Development and Transportation Facility Programme (MRU/RDTFP) 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 (Grant No. ADF Loan 2100150032544, TSF Loan-5900150000351, TSF2 Loan-2100150033397) 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 African Development Bank (AfDB) 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.

Auditor General's Responsibility

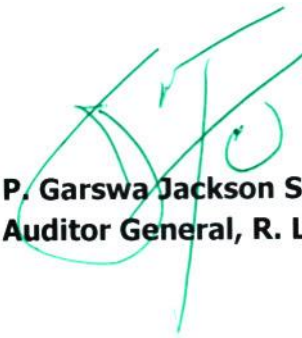
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

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

MRU/RDTFP Financial Statement for the Period Ended June 30, 2021

**STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE PERIOD ENDED JUNE 30, 2020**

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<i>In United States Dollars</i>	Notes	2021 June	2020 June	Cummulative
Receipt				
AfDB Grant & Loan	4	6,024,258	15,994,458	74,881,429
Toptal Receipt		6,024,258	15,994,458	74,881,429
Payment				
Road Dev't & Mitigation of negative environmental impacts	5	5,193,590	14,633,124	68,665,437
Related Developments & Women's empowerment measures	6	573,966	1,034,044	3,615,009
Transport Facilitation	7	-	550	156,385
Institutional Support	8	146,301	385,510	2,131,455
Programme Management	9	13,060	-	35,460
Total Payments		5,926,917	16,053,228	74,603,745
Excess of receipts over payments (payments over receipts)		97,341	(58,770)	38,571
Fund Balance as at beginning		181,544	240,314	240,314
Cummulative fund balance		278,884	181,544	278,884

**STATEMENT OF FUND BALANCE AND CASH STATUS
 FOR THE PERIOD ENDED JUNE 30, 2020**

<i>In United States Dollars</i>	Notes	2021 June	2020 June
A Fund Balance			
Balance of Project Fund		181,544	240,314
Add: Total Receipts during the period		<u>6,024,258</u>	15,994,458
Total Fund available for operations		6,205,801	16,234,772
Less: Total Payments during the period		<u>5,926,917</u>	16,053,228
Balance of project fund at the end of the year		278,884	181,544
B Cash Status:			
Cash at Bank		<u>278,884</u>	181,544
Total Cash on hand and in bank		278,884	181,544
Difference between A and B		<u><u>-</u></u>	<u><u>(0)</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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14. Analysis of Variance

Activities Within Components	Project Allocation US\$	Annual US\$	Actual Expenditure US\$	Variance US\$	% of Variance
Road Dev't & Mitigation of negative environmental impacts					
Civil Works (80km-Karloken to Fist Town) +ESMP	87,945,000	35,419,130	5,193,590	30,225,540	85
Bridge Construction + ESMP	4,020,000	3,538,572	-	3,538,572	100
One-Stop Border Post Construction	2,400,000	-	-	-	
Construction of Road Site Market (2No.)	150,000	67,192	-	67,192	100
	94,515,000	39,024,893	5,193,590	33,831,303	87
Related Developments & Women's empowerment measures					
Construction Supervision	3,633,860	770,780	495,746	275,034	36
Monitoring & Evaluation	450,000	236,920	-	236,920	100
Financial & Technical Audit	210,000	29,000	21,530	7,470	26
Technical/Road Safety Audit	480,000	90,000	-	90,000	100
HIV/AIDS, Malaria, Ebola and Gender Sensitization	200,000	181,733	56,690	125,042	69

Women Empowerment	120,000	-	-	-	
	5,093,860	1,308,433	573,966	734,467	56
Transport Facilitation					
Cross Country Vehicles	180,000	-	-	-	
Office Equipment & Accessories (IT & others)	60,000	-	-	-	
	240,000	-	-	-	
Institutional Support					
Road Improvement Activities	1,500,000	800,138	83,105	717,033	90
Project Coordination Support	240,000	220,425	67,483	152,943	69
	1,740,000	1,020,564	150,588	869,976	85
Compensation of PAPS	1,670,000	1,670,000	-	4,287	100
	3,410,000	2,690,564	146,301	2,544,263	95
Programme Management					
Programme Management	-	-	13,060	(13,060)	
Physical Contingencies	-	-	-	-	
Price Escalation	-	-	-	-	

	-	-	<i>13,060</i>	<i>(13,060)</i>	
Total	<u>103,258,860</u>	<u>43,023,890</u>	<u>5,926,917</u>	<u>37,096,973</u>	86


Variance Explanation

The variances are due to delay disbursements for three additional IPC's amounting to US\$ 10,118,015.01, which was requested and should have been paid within the audit period. Due to the delay as a result of problems experienced with the AfDB Client Connection, these payments were made beyond the audit period beginning from July 2021. Also delay in the approval of the Revised BOQ and Extension of Time affected the implementation of the Contractor planned activities. The Contractor had skilled down and delayed the commencement of certain activities, like sidewalks and drainages in town sections and wearing course constructions pending the approval of the Revised BOQ and Extension of Time.

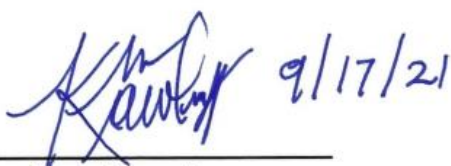


**STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2020**

<i>In United States Dollars</i>	Notes	2021 June	2020 June
Assets			
Cash and cash equivalent		278,884	181,544
Total Assets		278,884	181,544
Fund Balance			
Grants		278,884	181,544
Accumulated Fund Balance		278,884	181,544



 Papin Daniels, Jr.
**Director, Donor Financed Projects
 PFMU, MRDP**



 Rawlings Baco Kesselly
**Project Coordinator-FTHRP
 MoPW**

NOTES TO FINANCIAL STATEMENTS

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1. Background and Information of the Project

With support from the African Development Bank (AfDB); the MRU/RDFT- program is to boost the post-conflict economic recovery of the Mano River Union area by improving road infrastructure and promoting intra-community trade. The program seeks to improve transport conditions on the roads concerned in order to reduce transport costs, facilitate the free movement of persons and goods between the three (3) countries and improve the living conditions of program area communities. The program concerns the paving of 276.35 km of road network within the MRU, in the area bounded by forested Guinea (Eastern Guinea); Danane, Bolequin, Toulepleu and Tabou Districts in Cote D'Ivoire (West and South West of Cote D'Ivoire); and the counties of Maryland and River Gee in Liberia. The MRU/RDF project was approved by the African Development Bank on **February 6, 2015** with a grant amount of **USD 103.2586 Million**. The aim of the project is

- i. Paving Karloken- Fish Town (80Km), Harper Junction – Cavally (16km) roads in Liberia including ESMP implementation, community awareness-raising on road safety, public health and safety awareness services and environmental protection, implementation of PAPs and work control supervision;
- ii. Construction of 2 markets and training of women traders in accounting and control and supervision of related development works and women's empowerment
- iii. Construction and equipment of PCJs including weighing/toll stations between Cote D'Ivoire and Liberia border on the Tabou-Harper highway, works control and surveillance, awareness-raising of road users and border control officers on inter-state road transport facilitation measures.
- iv. Study on the preparation of the National Policy for Road Safety and Strategic Environmental Assessment of the Transport Sector and support to ensure the employment of 5 young graduates in the transport sector
- v. Socio-economic impact monitoring/evaluation of the programme in the 3 countries, financial and accounting audit of the programme in the 3 countries, material and logistical support to the programme executing agency in Liberia, technical and security audit of the program, regional monitoring indicators and material and logistical support to MRU

2. Use of Grant Proceeds

The table below sets out the categories 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 expressed in US\$	% of expenditure to be financed
Road Dev't & Mitigation of negative environmental impacts	94,515,000	100
Related Developments & Women's empowerment measures	5,093,860	100
Transport Facilitation	240,000	100
Institutional Support	3,410,000	100
Total	103,258,860	

NOTES TO FINANCIAL STATEMENTS *(continued)*

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

	% of Expenditure
AfDB	100
Total	<u>100</u> =====

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 Agreement as required by the African Development Bank 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 MRU/RDTF project is recognized and reported in the Statement of Receipt and Payment as income when received and held in a bank account called Special income account for disbursement purposes. All payments for the MRU/RDTF project and activities are made from the special account.

Cash and bank balances

Cash consist of cash in hand and balance at bank.

Recognition of expenditure (capital and revenue)

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 exclusive of tax.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

<i>In United States Dollars</i>	2021 June	2020 June	Cumulative
4 Grant Receipt			
ADF -Loan - 2100150032544	256,771	332,905	2,504,175
TSF - Loan- 5900150000351	-	-	-
TSF2 - Loan- 2100150033397-P-Z1-DBO-164	-	-	-
ADF _Direct Payment	569,386	1,588,395	33,388,240
TSF_Direct Payment	5,198,101	13,844,934	19,151,322
TSF2_Direct Payment	-	228,224	19,837,692
	<u>6,024,258</u>	<u>15,994,458</u>	<u>74,881,429</u>
5 Road Dev't & Mitigation of negative environmental impacts			
Civil Works (80km-Karloken to Fist Town) +ESMP	5,193,590	-	51,874,789
Bridge Construction + ESMP	-	14,579,870	16,506,721
One-Stop Border Post Construction	-	-	-
Construction of Road Site Market (2No.)	-	53,254	283,927
	<u>5,193,590</u>	<u>14,633,124</u>	<u>68,665,437</u>
6 Related Developments & Women's empowerment measures			
Construction Supervision	495,746	851,542	3,041,104
Monitoring & Evaluation	-	1,195	245,845
Financial & Technical Audit	21,530	14,000	48,530
Technical/Road Safety Audit	-	94,420	94,420
HIV/AIDS, Malaria, Ebola and Gender Sensitization	56,690	72,887	185,111
Women Empowerment	-	-	-
	<u>573,966</u>	<u>1,034,044</u>	<u>3,615,009</u>

7 Transport Facilitation

Cross Country Vehicles	-	-	142,500
Office Equipment & Accessories (IT & others)	-	550	13,885
	-	550	156,385

8 Institutional Support

Road Improvement Activities	83,105	-	241,900
Project Coordination Support	67,483	170,776	578,003
	150,588	170,776	819,904

Compensation of PAPS	(4,287)	214,734	1,311,551
	146,301	385,510	2,131,455

9 Programme Management

Programme Management	13,060	-	35,460
Physical Contingencies	-	-	-
Price Escalation	-	-	-
	13,060	-	35,460

10 Cash receipts through grant and other Sources

IDA grant	6,024,258	15,994,458	74,881,429
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11 Cash paid

Road Dev't & Mitigation of negative environmental impacts	5,193,590	14,633,124	68,665,437
Related Developments & Women's empowerment measures	573,966	1,034,044	3,615,009
Transport Facilitation	-	550	156,385
Institutional Support	146,301	385,510	2,131,455
Programme Management	13,060	-	35,460
Total Payments	5,926,917	16,053,228	74,603,745

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Analysis of Variance

Activities Within Components	Project Allocation US\$	Annual US\$	Actual Expenditure US\$	Variance US\$	% of Variance
Road Dev't & Mitigation of negative environmental impacts					
Civil Works (80km-Karloken to Fist Town) +ESMP	87,945,000	35,419,130	5,193,590	30,225,540	85
Bridge Construction + ESMP	4,020,000	3,538,572	-	3,538,572	100
One-Stop Border Post Construction	2,400,000	-	-	-	
Construction of Road Site Market (2No.)	150,000	67,192	-	67,192	100
	94,515,000	39,024,893	5,193,590	33,831,303	87
Related Developments & Women's empowerment measures					
Construction Supervision	3,633,860	770,780	495,746	275,034	36
Monitoring & Evaluation	450,000	236,920	-	236,920	100
Financial & Technical Audit	210,000	29,000	21,530	7,470	26
Technical/Road Safety Audit	480,000	90,000	-	90,000	100
HIV/AIDS, Malaria, Ebola and Gender Sensitization	200,000	181,733	56,690	125,042	69
Women Empowerment	120,000	-	-	-	
	5,093,860	1,308,433	573,966	734,467	56
Transport Facilitation					
Cross Country Vehicles	180,000	-	-	-	
Office Equipment & Accessories (IT & others)	60,000	-	-	-	
	240,000	-	-	-	

Institutional Support

*Auditor General's Report On the Financial Statement
Audit of the Mano River Union Road Development and
Transportation Facility Programme (MRU/RDTFP)
For the fiscal year ended June 30, 2021*

Road Improvement Activities	1,500,000	800,138	83,105	717,033	90
Project Coordination Support	240,000	220,425	67,483	152,943	69
	<u>1,740,000</u>	<u>1,020,564</u>	<u>150,588</u>	<u>869,976</u>	85
Compensation of PAPS	1,670,000	1,670,000	- 4,287	1,674,287	100
	<u>3,410,000</u>	<u>2,690,564</u>	<u>146,301</u>	<u>2,544,263</u>	95
Programme Management					
Programme Management	-	-	13,060	- 13,060	
Physical Contingencies	-	-	-	-	
Price Escalation	-	-	-	-	
	<u>-</u>	<u>-</u>	<u>13,060</u>	<u>- 13,060</u>	
Total	<u>103,258,860</u>	<u>43,023,890</u>	<u>5,926,917</u>	<u>37,096,973</u>	86

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13 PROJECT DESIGNATED ACCOUNT STATEMENT

Account Number: 001USD21320509423/001USD21320509424/001USD21320509426
Account Type: Current Account
Depository Bank (s): LBDI
Address: 9th Street, Sinkor
 Monrovia, Liberia

Currency: United States Dollar

	2021 June	2020 June
Total Grant Received	<u>6,024,258</u>	15,994,458
Total grant income reported	6,024,258	15,994,458
Amount spent	5,926,917	16,053,228
Balance as at beginning	<u>181,544</u>	240,314
Balance as at June 30, 2018	<u><u>278,884</u></u>	<u>181,544</u>

Closing Balance Consist of:

Pety cash-ADF Special Account	2,650	1,600
Pety cash-ADF Special Account	808	808
ADF Account No. 2100150032544	46,738	8,486
TSF Account No. 5900150000351	11,196	7,119
Road Sector. 5900150000351	217,492	163,530
PAP -IB- 1219440978600102	-	-
	<u>278,884</u>	<u>181,544</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

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PROJECT DESIGNATED ACCOUNT STATEMENT

Account Number: 001USD21320509423/001USD21320509424/001
 USD21320509426
 Account Type: Current Account
 Depository Bank (s): LBDI
 Address: 9th Street, Sinkor
 Monrovia, Liberia

Currency: United States Dollar

	2021 June	2020 June
Total Grant Received	<u>6,024,258</u>	15,994,458
Total grant income reported	6,024,258	15,994,458
Amount spent	5,926,917	16,054,428
Balance as at beginning	<u>180,344</u>	240,314
Balance as at June 30, 2018	<u>277,684</u>	<u>180,344</u>

Closing Balance Consist of:

Pety cash-ADF Special Account	2,650	1,600
Pety cash-ADF Special Account	808	808
ADF Account No. 2100150032544	46,738	8,486
TSF Account No. 5900150000351	11,196	7,119
Road Sector. 5900150000351	216,292	162,330
PAP -IB- 1219440978600102	-	-
	<u>277,684</u>	<u>180,344</u>