



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- Phase II
(MRU/RDTFP- Phase II)**

**Grant No. ADF Loan
5900155014201
EU Grant-5110155000258
ADF Loan-2100150040093
TSF Loan-59001550002201**

**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 PHASE II (MRU/RDTFP-2) FOR THE FISCAL PERIOD ENDED JUNE 30, 2021

We have audited the financial statements (Grant No. ADF Loan 5900155014201, EU Grant-5110155000258, ADF Loan-2100150040093 and TSF Loan-59001550002201) of the Mano River Union Road Development and Transportation Facility Programme Phase II (MRU/RDTFP-2) 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 5900155014201, EU Grant-5110155000258, ADF Loan-2100150040093 and TSF Loan-59001550002201) 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) 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.

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.

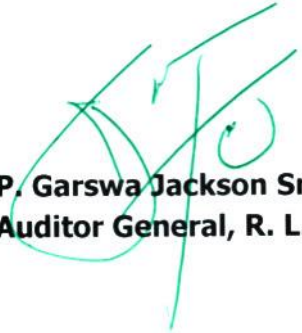
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

MRU/RDTFP-2 Financial Statement for the Period Ended June 30, 2021

**STATEMENT OF RECEIPTS AND PAYMENTS
 FOR THE PERIOD ENDED JUNE 30, 2021**

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<i>In United States Dollars</i>	Notes	2020 March to 2021 June	Cummulative
Receipt			
AfDB Grant & Loan	4	<u>7,601,026</u>	7,601,026
Toptal Receipt		<u><u>7,601,026</u></u>	<u>7,601,026</u>
Payment			
Road Dev't & Mitigation of negative environmental impacts	5	7,229,706	7,229,706
Related Developments & Women's empowerment measures	6	-	-
Transport Facilitation	7	-	-
Programme Management	8	<u>315,891</u>	315,891
Total Payments		<u><u>7,545,597</u></u>	<u>7,545,597</u>
Excess of receipts over payments (payments over receipts)		55,429	55,429
Fund Balance as at beginning		-	-
Cummulative fund balance		<u><u>55,429</u></u>	<u>55,429</u>

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

**STATEMENT OF FUND BALANCE AND CASH STATUS 3
 FOR THE PERIOD ENDED JUNE 30, 2021**

<i>In United States Dollars</i>	Notes	2020 March to 2021 June
A Fund Balance		
Balance of Project Fund		-
Add: Total Receipts during the period		<u>7,601,026</u>
Total Fund available for operations		7,601,026
Less: Total Payments during the period		<u>7,545,597</u>
Balance of project fund at the end of the year		55,429
B Cash Status:		
Cash at Bank		<u>55,429</u>
Total Cash on hand and in bank		55,429
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

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14. Ananalysis of Variance

Activities Within Components	Project Allocation US\$	Annual US\$	Actual Expenditure US\$	Variance US\$
Road Development & Mitigation of Negative Envitronmental Impacts	70,900,600	23,675,323	7,229,706	16,445,617
Social Infrastructure Measures & Instutional Support	1,377,400	215,280	-	215,280
Transport & Trade Facilitation	4,260,000	690,000	-	690,000
Project Management	11,331,600	1,622,832	315,891	1,306,941
Total	87,869,600	26,203,435	7,545,597	18,657,838

Variance Explanation

1. The variance in the Civil Works and Supervision Consultant Services for Sanniquellie to Loguatu is due to the late commencement of the Civil Works because of the COVID- 19. The Contract was signed on Nov 18, 2019 and works started on Nov 2, 2020. The variance in the Civil Works and Supervision Consultant Services for Fish Town to Kelipo due to Government meeting up with the first disbursement condition. RAP is yet to be paid.
2. The variance under Social Infrastructure Measures & Institutional Support for the Construction of the Roadside Markets is because the procurement process has not concluded and there is no existing contract to trigger a draw down on the projected amount. The Bank is yet to approve the Specific Procurement Notice (SPN) & Standard Bidding Document for the Construction of Roadside Markets (including boreholes & Latrine). The variance under Social Infrastructure Measures & Institutional Support for the Ebola virus Disease (EVD), HIV/AIDS, Malaria & Gender Sensitization, is because the


procurement process has not concluded and there is no existing contract to trigger a draw down on the projected amount. The Bank is yet to approve the Shortlist Evaluation Report for the services. The variance under Social Infrastructure Measures & Institutional Support for the Urban Mobility Study is because the procurement process has not concluded and there is no existing contract to trigger a draw down on the projected amount. The Bank is yet to approve the Technical Evaluation Report for the services.

3. The variance under Project Management Services for the M&E, is because the Procurement process has not concluded and there is no existing contract to trigger a draw down on the projected amount. The Bank is yet to approve the Shortlist Evaluation Report for the services. The variance captured under Financial Audit and Technical & Road Safety Audit because the procurement process has not been concluded and there is no existing contract to trigger a draw down on the projected amount. The Bank is yet to approve the Shortlist Evaluation Report for the services. The Procurement Specialist & Environmental & Social Safeguard Specialist were internally recruited to handle these aspects until procurement is done. Procurement process is still pending. The variance under Project Management Services for the Feasibility & Communication Plan is because the Procurement process has not begun. The procurement of the service provider will be required during the closure of the project.

**STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2021**

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<i>In United States Dollars</i>	Notes	2020 March to 2021 June
Assets		
Cash and cash equivalent		<u>55,429</u>
Total Assets		<u><u>55,429</u></u>
Fund Balance		
Grants		<u>55,429</u>
Accumulated Fund Balance		<u><u>55,429</u></u>



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



 Rawlings Baco-Kesselly
 Project Coordinator-MRU II
 MoPW

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

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 Phase II - programme is to provide efficient road transport access to the South East and West counties of Libeia and the Western part of Cote d'Ivoire. The MRU/RDFT Phase II project was approved by the African Development Bank on **July 9, 2020** with a grant amount of **USD 87.8696 Million**. The aim of the project is

1. Road Development and mitigation of negative environmental impacts

- a. Road works. Construction of approximately sixty-seven kilometers of road to be undertaken as follows:-
 - i. upgrading approximately (a) forty-seven kilometers of gravel road to asphaltic concrete from Sanniquellie - Loguatu on the Recipient's side to the border town of Gbeunta in Cote d'Ivoire; and (b) approximately twenty(20) Kilometers of gravel road to asphaltic concrete from Fish Town to Kelipo in Liberia; and
 - ii. Construction of the bridge at Loguatu / Gbeunta Border.
- b. Implementation of the Programme ESMP and the RAP; and
- c. Civil works control and supervision for road and designs and supervision for the border Post civil works.

2. Social Infrastructure measures and institutional support: This component will include the following activities;

- a. Construction of two (2) road side markets, three (3) separated toilets and three (3) boreholes along the Sanniquellie Loguatu road section;
- b. Carrying out activities to sensitize the communities and workers in the Programme areas, on inter alia HIV/AIDS, malaria, gender empowerment, sexual and reproductive health rights (SRHR) and road safety;
- c. Undertaking a study on the urban mobility improvement in Monrovia; and
- d. Providing professional courses and training for sector engineers and the PIU.

3. Transport and Trade Facilitation: This component will include the following activities;

- a. Undertaking a study to examine the border procedures, processes and capacities of border authorities along the corridor, as part of the preparatory work required prior to the construction of the One-Stop Border post;
- b. Raising awareness of road users and border control officers on interstate road transport facilitation measures;
- c. Construction and equipment of one (1) stop Joint Border post and weighbridge or toll stations and health control posts between Cote d'Ivoire and Liberia at Loguatu/Gbeunta border post;
- d. Transport and trade facilitation soft aspects: implementation of a simplified trade regime for small scale cross border traders, construction of border markets and raising awareness for traders and border authorities on issues such as coordinated border management; and
- e. Coordination of the regional component of the programme by the Recipient and the Republic of Cote d'Ivoire.

4. Project Management: This component will include the following activities:

- a. Undertaking socio- economic impact monitoring and evaluation (M& E) of the Programme;
- b. Carrying out financial and accounting audit as well as Technical and Road Safety Audit of the Programme;

NOTES TO FINANCIAL STATEMENTS (continued)

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- c. Provision of support to the accountant at the Programme Financial Management Unit (PFMU) at the Ministry of Finance and Development Planning and the Programme Procurement Officer;
- d. Developing and ensuring implementation and compliance with the visibility and communication plan;
- e. Developing and ensuring implementation and compliance with the visibility and communication plan;
- f. Ensuring compliance with the Environmental, Social and Gender safeguards;
- g. Ensuring regional coordination of the Transport Facilitation component; and
- h. Provision of material and logistical support to the Executing Agency

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	70,900,600	100
Social Infrastructure measures and institutional support	1,377,400	100
Transport and Trade Facilitation	4,260,000	100
Project Management	11,331,600	100
Total	87,869,600 =====	

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

	% of Expenditure
AfDB	100
Total	100 =====

NOTES TO FINANCIAL STATEMENTS *(continued)*

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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 and Grant Receipts

Loan and Grant from donors for the MRU/RDTF Phase II 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 Phase II 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

All expenditures are expensed whether they are revenue or capital in nature and income is recognized when funds are received from the African Development Bank.

Tax

The project is 100 percent exclusive of tax.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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<i>In United States Dollars</i>	2020 March to 2021 June	Cumulative
4 Grant/Loan Receipt		
ADF -Loan - 2100150040093-P-Z1-DBO-172	371,320	371,320
ADF -Grant - 2100155038066-P-Z1-DBO-172	-	-
TSF -Grant- 5900155014201-P-Z1-DBO-172	-	-
TSF - Loan- 5900150002201-P-Z1-DBO-172	-	-
Direct Payment		
ADF -Loan - 2100150040093-P-Z1-DBO-172	2,832,197	2,832,197
ADF -Grant - 2100155038066-P-Z1-DBO-172	-	-
TSF -Grant- 5900155014201-P-Z1-DBO-172	2,832,197	2,832,197
TSF - Loan- 5900150002201-P-Z1-DBO-172	-	-
EU - Loan- 5110155000258-P-Z1-DBO-172	1,245,312	1,245,312
EU - Loan- 5900155016199-P-Z1-DBO-172	320,000	320,000
	<u>7,601,026</u>	<u>7,601,026</u>
5 Road Development & Mitigation of Negative Environmental Impacts		
Civil Works (Construction of Fish Town to Kelipo Lot 1)	-	-
Civil Works (Construction of Sanquelle to Loguato Lot 2)	6,563,146	6,563,146
Consultancy Services for the supervision of civil construction works (Fish T	-	-
Consultancy Services for the supervision of civil construction works (Saniqu	666,560	666,560
Compensation of PAPs	-	-
	<u>7,229,706</u>	<u>7,229,706</u>
6 Social Infrastructure Measures & Institutional Support		
Construction of Road side markets(including boreholes & Latrine)	-	-
Ebola virus Disease (EVD), HIV/AIDS, Malaria & Gender Sensitization (Cc	-	-
Urban Mobility Study	-	-
	<u>-</u>	<u>-</u>
7 Transport & Trade Facilitation		
Undertaking a Study to Examine the procedures, processes and capacities of border authorities & Raising Awareness of road users & border contro officers	-	-
Construction of one stop border post with weigh & Offloading Station Loguato Border	-	-
Transport & Trade facilitation soft aspect	-	-
Coordination of regional component of the programme	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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<i>In United States Dollars</i>	2020 March to 2021 June	Cummulative
8 Project Management		
M & E Services (Construction of Fish Town to Kelipo Lot 1 & Saniquelle to Loguato Lot 2)	-	-
Financial Audit (Construction of Fish Town to Kelipo Lot 1 & Saniquelle to Loguato Lot 2)	-	-
Technical & Road Safety Audit (Construction of Fish Town to Kelipo Lot 1 & Saniquelle to Loguato Lot 2)	-	-
Procurement Specialist/Consultant	-	-
Environmental & Safeguard Specialist/Consultant	-	-
Feasibility & Communication Plan	-	-
Provision of Material & Logistical Support to Executing Agency	315,891	315,891
Provision of Support to Project Financial Management	-	-
Contingencies	-	-
	315,891	315,891
9 Cash receipts through grant and other Sources		
AfDB grant & Loan	7,601,026	7,601,026
10 Cash paid		
Road Dev't & Mitigation of negative environmental impacts	7,229,706	7,229,706
Social Infrastructure Measures & Institutional Support	-	-
Transport & Trade Facilitation	-	-
Project Management	315,891	315,891
Total Payments	7,545,597	7,545,597