



Promoting Accountability of Public Resources

ANNUAL REPORT OF THE AUDITOR GENERAL

**FOR THE YEAR ENDED
DECEMBER 31, 2014**

PERFORMANCE REPORT



**Yusador S. Gaye, CPA, CGMA
Auditor General**

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List of Acronyms

AFROSAI-E	African Organization of Supreme Audit Institutions of English Speaking Countries
AG	Auditor General
COSO	Committee of Sponsoring Organizations of the Treadway Commission
EC	European Commission
EGIRP	Economic Governance and Institutional Reform Project
EU	European Union
EVD	Ebola Virus Disease
GAC	General Auditing Commission
GOL	Government of Liberia
HR	Human Resources
IDI	International Development Initiative
IFMIS	International Financial Management Information System
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IPFMRP	Integrated Public Financial Management Reform Project
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LEC	Liberia Electricity Corporation
MA	Master in Arts
MIC	Management Internal Control
MPG	Master In Peace and Governance
MPSM	Master in Public Sector Management
NAO	National Authorizing Office
NASSCORP	National Social Security and Welfare Corporation
OAG	Office of Auditor General
PAR	Performance Appraisal Review
PKF	Pannell Kerr Foster
SIDA	Swedish International Development Corporation Agency
SP	Strategic Plan
TOR	Term of Reference
USAID	United States Aid for International Development



General Auditing Commission (GAC)
Vision, Mission and Core Value



Promoting Accountability of Public Resources

Vision

To be an independent and competent Supreme Audit Institution that promotes trust, accountability and transparency in the utilization of public resources

Mission

To strengthen the Legislature's oversight regarding the management of public resources by carrying out independent audits that assure the accountability of government's ethical and effective public service and good governance.

Core Values

Integrity, Transparency, Respect for Peers, Credibility, Independence, Professionalism, Inclusiveness.



Annual Message from the Auditor General

Honorable Members of the National Legislature:

It is my honor to submit to you the annual report of the General Auditing Commission (GAC) for the calendar year ended December 31, 2014. I extend my compliment and heartfelt thanks to Her Excellency Madam Ellen Johnson Sirleaf, President of the Republic of Liberia, the honorable members of the National Legislature, International partners, other stakeholders and the general public for their untiring support to the GAC.

I was confirmed as Auditor General in February 2014 upon my appointment by the Head of State, Her Excellency Madam Ellen Johnson Sirleaf in September 2013. Since my appointment, I have worked in collaboration with my two abled Deputies; the Deputy Auditor General for Audit Service, Mr. Winsley S. Nanka, and the Deputy Auditor General for Administration, Mr. Foday G. Kiazolu, who was appointed along with me.

The Year 2014 was very challenging for the Commission and the Office of the Auditor General. There was a delay in the implementation of the annual work plan of the Commission due to the current national emergency (Ebola), which affected the performance of every institution in Government including the GAC.

In the midst of the ongoing national crisis, we remain committed to providing conducive working environment through proper maintenance of the Old Executive Mansion, which currently hosts the GAC. We continue to work with the Government and our international partners to finding land and funding for the construction of a new GAC Headquarters in Monrovia.

We were able through the Government and our international partners to submit the new GAC Act of 2014 to the National Legislature for passage. The Act grants full financial and operational autonomy to the GAC in order to safeguard its independence and establish a dedicated source of funding in line with requirements of the International Organization of Supreme Audit Institutions (INTOSAI).

The GAC remains an active participant in international bodies such as the, INTOSAI Development Initiatives (IDI), and African Organization of Supreme Audit Institutions of English Speaking Countries (AFROSAI-E). The GAC will continue to cooperate with these international bodies to improve the quality of audits it produces.

In this official manner, I am pleased to say that we anticipate greater collaboration in the future with all stakeholders of the Commission; and I believe with the continuous support of the Government and our international partners, the Commission will continue to produce quality audit reports and increase its audit coverage in fulfillment of its mandate.

Sincerely,



Yusador S. Gaye, CPA, CGMA
Auditor General

1.0 Introduction

1.1 Brief History

Prior to 1956, the General Auditing Office (GAO) was established by an Act of the National Legislature, as the Bureau of Audits, to pre audit requisitions, vouchers and payrolls in connection with the disbursement of public moneys. This was amended under Chapter 32, section 740-744 of the Executive Law of Liberia in 1956 to audit all accounts of the Government of Liberia in the manner prescribed by the Revenue and Finance Law of Liberia.

In 1972, the Executive Law of Liberia was amended, with Chapter 53, Sections 1-11, establishing the General Auditing Office (GAO). Under this law, the Auditor General reported directly to the President.

In June 2005, an Act was passed by the National Legislature of Liberia to amend Chapter 53.2 of the Executive Law of 1972 which granted the General Auditing Commission the status of autonomous agency of Government amenable to the National Legislature of Liberia. The 2005 amendment places Chapter 53 of the Executive Law in compliance with Article 89 of the 1986 Liberian Constitution, which named GAC as one of the three autonomous Commissions in Liberia. However, this amendment did not bring the Commission to full compliance with the 1977 LIMA and the 2007 Mexico declarations.

In recognition of the limitation and the legal ambiguities of the June 2005 amendment, the development partners through the GEMAP and under the leadership of the European Union engaged a Legal expert to draft a new Law that will enable the GAC to fully comply with the 1977 LIMA and the 2007 Mexico declarations.



Figure 1: Headquarters of the General Auditing Commission, Ashmun Street, Monrovia, Liberia

1.2 Current Structure of the Office of the Auditor General

The office of the Auditor General (OAG) has been structured in such a way as to ensure effective and maximum coverage of the audits of the public accounts of Liberia. The Office is headed by the Auditor General (AG) who is the principal Auditor of the Government of Liberia.

The AG is assisted by two Deputy Auditors General (DAGs); one of the deputies is responsible for audits and the other is responsible for administrative functions. The Deputies are assisted by Directors who are heads of departments or cost centers.

The Current Organizational Structure of the Commission is being worked on to reflect its true operation in line with its mandate.

1.3 Mandate of the Office of the Auditor General

The GAC has a large audit scope. Section 53.1 of the Executive Law defines the audit mandate of the GAC, dividing the mandate into two distinct categories, as reflected below:

- "The term "Government Agency", means every ministry, bureau, board, commission, institution, authority, organization, enterprise, officer, employee, or other instrumentality of the Government, including commonwealths, cities and townships, local authorities, and political units of the Republic;
- The term, "Government Organization" means every enterprise, authority, monopoly, factory, or other industrial or commercial facility, corporation, utility, company, lending or financial institution, or other instrumentality which is wholly or partly owned by the Government. The estimated number of institutions and programs in the mandate is eighty-five (85) government departments, ministries, agencies and public corporations. Additionally, the mandate also requires the GAC to audit local governments, other municipalities, embassies and diplomatic missions.

1.4 Functions of the Auditor General

- Once a year, the AG perform audits of all Government agencies and Government organizations and examines, to the extent he or she deems necessary, all transactions and accounts relating to the receipt, disbursement, and utilization of public monies;
- Performs audits of all property accounts and transaction of all agencies and Government organizations; such audits shall be conducted as far as practicable at the place or places where the property and records are located and shall include an evaluation of the effectiveness of internal control and other methods of safeguarding the assets of the Government;
- Performs audits of withdrawals of money within the responsibility of the Government as stated in the appropriation acts or financial obligations by the



order of Ministry of Finance.

- Inspects the books of account of banks and financial institutions to verify the amounts of Government monies, securities, and other assets hypothetical or on deposit, or otherwise require written bank confirmations of Government monies, securities, and other assets under control of such banks or financial institutions;
- Inspects the books of account of privately owned commercial and manufacturing establishments for the purpose of verifying transactions with Government agencies and Government organizations, requiring outside written confirmations of accounts receivable and employing such other extended audit procedures as are necessary;
- Prescribes auditing standards, develops and implements auditing procedures, methods, and techniques appropriate to government accounting practices; and
- Requires any Government official or employee or other person to testify on oath as a witness in matters pertaining to financial transactions which involve the use or custody of Government monies or assets.

1.5 Strategic Plan Implementation

The office of the Auditor General has been structuring a five year Strategic plan for the period 2014/2015 to 2018/2019 which will end on 30th June 2019.

The Strategic Objectives of the GAC in the Strategic Plan are as follows:

- To improve the quality assurance of both the GAC's budget preparation, monitoring processes and management information systems
- To improve the quality of audit work and processes by improving financial and value for money audits and developing and implementing effective quality assurance arrangements
- To secure the financial and operational independence of the Auditor General
- To promote increased accountability, probity and transparency in the administration of public funds and resources by producing quality reports that add value and make positive and practical recommendations.

The design and execution of the annual operational plan (the budget and policy statements) over the financial years commencing 2014/2015 including the plan for 2018/ 2019 will be guided by the above five major strategic plan objectives of the Commission.

2.0 Audit Services

2.1 Major focus in audit during the year

For the year ended 2014, the Commission completed and issued 22 audits to the National Legislature. Among these audits were the Consolidated Fund/Fiscal Outturn Audit for the 2010/2011 and 2011/2012 fiscal periods. The Commission's capacity on audit related activities during the period under review was constrained due to the outbreak of Ebola, which affected all sectors of the Liberian economy; causing all institutions to limit their operations by working with limited staff. The outbreak adversely affected almost all GOL functionaries; thus, causing a delay in the implementation of the GAC's Audit Plan. The capacity of the Commission was also hindered by budgetary constraints, as funds were reallocated in the National Budget towards the fight against the deadly disease. This disruption of normal activities caused by the Virus, resulted into institutions of government redefining their priorities hence, narrowing their planned activities for the year 2014.

Table A1: List of Completed Audits during the Year

No	Entity	Period	Status	Date Issued
1	Tubman University	July 1, 2009 to June 30, 2012	Issued	March 7, 2014
2	Consolidated Funds	July 1, 2010 to June 30, 2011	Issued	March 7, 2014
3	Consolidated Funds	July 1, 2011 to June 30, 2012	Issued	March 7, 2014
4	Cuttington University/ GOL Subsidy	July 1, 2006 to June 30, 2012	Issued	March 7, 2014
5	National Elections Commission	July 1, 2006 to June 30, 2012	Issued	May 6, 2014
6	Monrovia Consolidated School System (MCSS)- Procurement Contracts with Pro Art Printing Press	July, 2002 through September, 2013	Issued	May 6, 2014
7	Independent National Human Rights Commission	July 1, 2006 to March 20, 2013	Issued	September 4, 2014
8	Liberia Extractive Industry and Transparency Initiative	July 1, 2010 to June 30, 2012	Issued	September 4, 2014
9	University Of Liberia	July 1, 2009 to June 30, 2012	Issued	September 4, 2014
10	Ministry of Public Works	2009/2010 through 2011/2012	Issued	September 4, 2014
11	General Services Agency	2006/2007 through 2011/2012	Issued	October 23, 2014
12	County Development Fund & Social Development Fund of Bong	2011/2012&2012/2013	Issued	October 23, 2014
13	County Development Fund & Social Development Fund	2011/2012&2012/2013	Issued	November 18, 2014



No	Entity	Period	Status	Date Issued
	RiverGee County			
14	County Development Fund & Social Development Fund Gbarpolu County	2011/2012&2012/2013	Issued	November 18, 2014
15	County Development Fund & Social Development Fund Bomi County	2011/2012&2012/2013	Issued	November 18, 2014
16	County Development Fund & Social Development Fund Sinoe County	2011/2012&2012/2013	Issued	November 18, 2014
17	County Development Fund & Social Development Fund Grand Cape Mount County	2011/2012&2012/2013	Issued	December 31, 2014
18	County Development Fund & Social Development Fund Nimba County	2011/2012&2012/2013	Issued	December 31, 2014
19	County Development Fund & Social Development Fund Montserrado County	2011/2012&2012/2013	Issued	December 31, 2014
20	County Development Fund & Social Development Fund Margibi County	2011/2012&2012/2013	Issued	December 31, 2014
21	County Development Fund & Social Development Fund Rivercess County	2011/2012&2012/2013	Issued	December 31, 2014
22	Ministry of Health and Social Welfare / Liberia Health System Strengthening Project (LHSSP)	May 1,2013 to June 30,2014	Issued To Matthew T.K. Flomo, Deputy Minister for Administration	December 31, 2014



2.2 Audit Engagements

The GAC's Management commissioned Ten (10) post audit engagements in 2014. In addition to the Ten (10) post audits commissioned, Thirty seven (37) post audits rolled into the year 2014, thus giving a combined total of Forty Seven (47) post audit engagements. Of the Forty Seven (47) post audit engagements, twenty two (22) were completed and submitted to the National Legislature as previously indicated. The remaining twenty five (25) commissioned post audits are being processed. Factors contributing to delays in the completion of reports have already been outlined above as the Ebola outbreak and the lack of cooperation of some auditees.

Our donor partners, namely, the World Bank, the EU, the Swedish National Authorizing Office, the Swedish International Development Agency (SIDA), and USAID have all contributed immensely to enhance the Commission's work through technical support; the stationing of experts at the GAC, infrastructural and other logistical support from the period 2007 to present.

After taking over as Auditor General, series of discussions were held with authorities at the Ministry of Finance and Development Planning to finance outstanding audits as well as the newly commissioned audits because at that time the GAC did not have sufficient financial resources to conducted planned audits. The Ministry of Finance and Development Planning approved US\$500,000.00 to facilitate these audits. The amount stated was used to facilitate field verification as well as enhancing the audit support processes.

In the fiscal year 2014/2015 budget preparation, the GAC requested an amount of US\$3,090,453.93 to conduct seventy nine (79) audits for the fiscal year 2014/2015. The seventy nine (79) planned audits were selected based on the Commission's risk matrix. Regrettably, the Ministry of Finance and Development Planning committed only US\$650,000.00 in the National budget of 2014/2015 to the National Legislature which has been already allotted. Due to this, the Commission can only conduct seventeen (17) audits of line Ministries and Agencies for fiscal period 2014/2015 leaving out sixty two (62) audits as per the risk analysis of institutions. However, for the Commission to be able to mitigate the potential risks based on its risk analysis of institutions, the Commission needed an additional amount of US\$2,440,453.93 to execute its mandate based on the planned audits.

Again, audits remain central to the operations of the Commission. Financial challenges are critical to the completion of most of the reports which are outstanding. Many of the reports require field trips for their completion; and funding for these trips has been inadequate.

2.3 Challenges Hampering Audit Effectiveness:

During the period under review, we observed that in addition to the National challenge (the fight against the Ebola Virus Disease) auditors have been faced with



series of challenges which impede audit engagements and the timely issuance of audit reports. Some of these challenges can be divided into two main categories namely, limited logistics and the lack of adequate cooperation from the auditees:

a. Limited Logistics

- Limited laptop computers, printers, vehicles to carry out the audit
- Lack of sufficient funding to the implementation of the audit plan

Lack of adequate cooperation from some auditees

- Delay in the submission of audit documents by auditees
- Poor documentation by auditees
- Delays in response to audit queries
- Failure to adhere to PFM and PPCC Acts and Regulations
- Failure to implement audit recommendations
- Unable to prepare financial statements (IPSAS Standards)

2.4 Support to Oversight Committees of Parliament

In Promoting increased accountability, probity and transparency in the management of public funds, the Office of Auditor General does not only stop at reporting audit results to Parliament but also goes as far as providing technical support to the joint Public Accounts and the Ways Means and Finance committees by attending public hearings and aiding in the budget process respectively. Through the technical assistance provided by the GAC, the Joint Public Accounts Committee of the National Legislature was able to publish findings and recommendations from five (5) audit reports produced by the GAC through the conduct of public hearings to the Executive Branch for implementation.

2.5 Audit Quality Control and Quality Assurance

Besides the quality review carried out by the African Organization of Supreme Audit Institutions of the English Speaking Countries (AFROSAI-E), the Office of the Auditor General has strengthened the quality assurance department with a consultant recruited by the EU to assist in the in-house arrangements of audit working papers. This will enhance the quality control and quality assurance through proper supervisory review.

3.0 Administration

The Department of administration serves as the pillar for audit support. There are seven departments in administration; Finance, Human Resources, Procurement, Asset and Facility Management, Management Internal Controls, IT Operations, and Logistics.

3.1 Human Resource and Manpower Development

The year 2014 was both remarkable and challenging for the Human Resource Department as demonstrated by the following accomplishments:



During the period under review, the GAC sponsored a total of 13 staff members on master programs. Ten (10) of them obtained Master of Arts (MA) degree in Auditing from the People's Republic of China; two (2) of them obtained Masters in Public Sector Management (MPSM) from the Republic of Ghana and one (1) obtained his Masters in Peace and Governance (MPG) from the Republic of Zimbabwe. In addition to the above, the GAC also conducted several training workshops internally through international consultants hired by the World Bank and EU respectively for capacity-building. They served as trainers during the workshops. These workshops included, but not limited to:

- The consolidated fund account workshop, which is a regular audit carried out at the Ministry of Finance and Development Planning for the improvement of financial management system;
- Workshop on State -Owned Enterprise(SOE), which was meant to improve capacity of State-Owned Enterprise auditors, thereby improving performance;
- Financial Institutions Audit workshop has helped to increase the capacity of staff within the Financial Institutions Audit Department of the GAC and at the same time enhanced performance on the job. The essence of this workshop is to enable auditors to advise institutions on proper control of financial management.

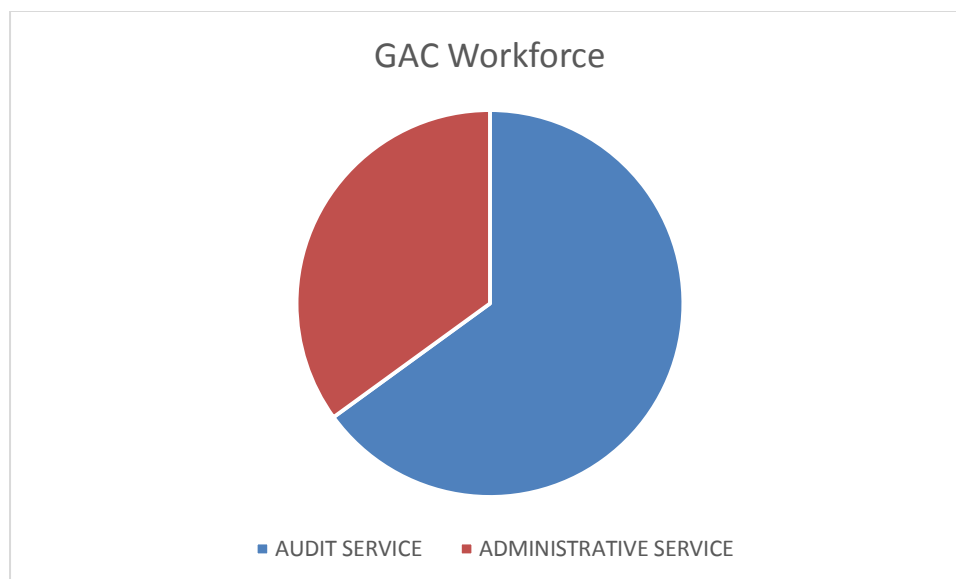
3.1.1 GAC Staff Affirmative Action

In the GAC's first Five Years Strategic Plan, it was proposed that the Commission would hire a total workforce of 500 employees to be composed of 70% males and 30% females by the end of 2013. As at December 31, 2014, the Commission had a total workforce of 394 persons (288 males or 73% and 106 females or 27%). It is also worth mentioning that 65% of this total workforce works in the Audit Service Division which is a further manifestation that the Commission is indeed audit-focused.

3.1.2 GAC Employees Statistics for Period Covering January 1 to December 31, 2014

DIVISION	NO. OF EMPLOYEES	PERCENTAGE
AUDIT SERVICE	258	65%
ADMINISTRATIVE SERVICE	136	35%
TOTAL	394	100%





Currently, draft comprehensive policies aimed at synchronizing all activities/programs are before the Review Committee of the GAC for final scrutiny, and will subsequently be submitted to Management for approval.

The Human Resource Department (HR) shall enhance the Performance Appraisal Review (PAR) exercise for all GAC employees. This exercise will help to identify the strength and weaknesses of staff, thus, the need for continuous professional training.

3.1.3 Staff Turnover – January 1, 2014 to December 31, 2014

The Following Staff Turnover Occurred.

Resignations	–	23
Dismissals	–	2
Deaths	–	6
Abandonment	-	2

3.2 Procurement Unit

The Commission has separated the procurement unit from the Finance Office which is now headed by a procurement manager. The Unit is responsible to administer all procurement activities in accordance with the PPCC act. The procurement manager is the secretary to the procurement committee. As you are aware, all line ministries and agencies are required as per law to establish a procurement committee for the purpose of ensuring a proper review of procurement plans in order to ensure that the plans support the objectives and operations of the entity.

3.3 Management Internal Control (Compliance)

The MIC was reestablished in November, 2013 with the mandate of assisting the office of the Deputy Auditor General for Administration to ensure that all payment vouchers and procurement activities are in compliance with the PFM and PPCC acts



and monitor the receipt and distribution of supplies and other goods and services. The unit was able to review the Commission's payroll, Contracts and every step of the procurement process, thereby improving the Commission's compliance level to all applicable public regulations.

3.3.1 Listing of newly approved and draft policies prepared during the reporting period:

- HR Policy Manual (Draft)
- Pay Day Policy; Approved
- Assets Management Policy (Draft)
- Vehicle Management Policy (Draft)
- Revised Fuel Distribution Policy
- Revised Scratch Cards Distributions policy (Draft)
- Communication Policy (Draft)
- Financial Management Policies and Procedures Manual (Draft)
- Procurement Policies and Procedures Manual

3.3.2 Strengthened and Reintroduced Policies

- Attainment of Professional Certificate Policy;
- Employment of Family Members and Close Relatives Disclosure Policy;
- Political Neutrality Policy;
- Underwriting Professional Certificate Membership fees Policy;
- Use of Audit & Quality Control Manuals policy;
- Death Benefit Policy;

3.4 Affiliation with Professional Organizations

In the period under review, the General Auditing Commission fully participated in the 11th meeting of the AFROSAI-E Governing Board, hosted by the Supreme Audit Institution of Ethiopia from the 5th to the 9th of May 2014. The meeting focused on setting the strategic direction for the period 2015-2019, making policy decisions, review progress made, approve reports on the activities of AFROSAI-E, appoint external auditors of AFROSAI-E, approve recommendations of sub-committees or regional committees and establish guidelines necessary to obtain the objectives of AFROSAI-E. This meeting was attended by the Auditor General, together with two staff of the GAC from Audit Service and Administration respectively.

Also, in May 2014, Auditor General Madam Yusador S. Gaye and another key staff of the GAC, travelled to Kigali, Republic of Rwanda to attend the 49th Annual Meeting of the African Development Bank and the 40th Annual Meeting of the African Development Fund within the same venue in the Republic of Rwanda.

During the period under review, the Deputy Auditor General for Administration Mr. Foday G. Kiazolu represented the GAC at a leadership workshop organized by AFROSAI-E in Pretoria, South Africa in June, 2014.

3.5 Financial Management and Budget Performance

The General Auditing Commission, for the reporting period, received the total amount of US\$6,885,472. Of this amount, US\$6,314,294 constitutes the Government of Liberia's direct budgetary support; US\$565,395 constitutes donor support to the Commission's Budget and US\$5,783 as other amount received by the Commission.

During the reporting period, we inherited a deficit in General Allowance. In June 2014, the General Auditing Commission ended fiscal year 2013/2014 with a deficit of US\$216,566.00 which was taken care of by authorities at the Ministry of Finance and Development Planning. The deficit was due to the huge employment at the end of fiscal period 2012/2013 by the former Auditor General, Robert L. Kilby. The June, 2014 salary was received in July, 2014 due to the delay in receiving additional funds to finance the deficit. The allotment to settle the deficit in General Allowance was received on the last day of the fiscal period. As of June 30, 2014, the GAC had personnel strength of four hundred twenty -five (425) staffs. Currently, the Commission has three hundred ninety staffs (390) in its employ.

The General Auditing Commission started to remit social security contribution to NASSCORP when the current Auditor General, Yusador S. Gaye took over. The Commission had not been withholding from staffs over the Years. After series of discussions with authorities at NASSCORP, the Commission started withholding from staff in November, 2013. The Commission's liability, as calculated by NASSCORP's officials, was US\$1,377,610.25. Currently, the employer's contribution which constitutes 4.75% of the employees' gross salaries has been calculated on a monthly basis to be taken care of by the Ministry of Finance and Development Planning; since the employer's contribution has not been budgeted. As agreed in a meeting with Deputy Director General, Nya D. Twayen, the four percent (4%) penalty fee that should have been charged on the amount for being delinquent was waived by NASSCORP. The waiver was as a result of an appeal from the management of the GAC to NASSCORP; coupled with management taking the initiative to ensure employees and employer were in compliance with the law. We are pleased to report that the Commission has withheld the 3% contribution from employees in an amount of US\$147,627.3; which has been remitted to NASSCORP. This is the first time in the history of the General Auditing Commission.

3.6 Other Financial Highlights under the IPFMRP Project

3.6.1 Purchasing of Vehicles

In April 2014, the Commission, through the IPFMRP, procured four (4) Toyota Land Cruiser jeeps. The Value of the four Toyota Land Cruiser hardtop jeeps is US\$199,900.00. The purpose of these vehicles is to facilitate audit works in the counties, especially for areas that are not easily accessible. This, plus the pickups that were purchased in 2013, has reduced the huge cost of renting vehicles during the conduct of field verifications by auditors. Please find below a summary of the cost and specification of the four (4) vehicles:



ITEM	QTY A	DESCRIPTION	UNIT PRICE US\$ B	TOTAL AMOUNT US\$ C=A*B
Toyota Land Cruiser Hardtop 4*4 SUV	4 (four)	Toyota Land Cruiser Hardtop L X 10 seated	49,975.00	199,900.00



Figure 2: Four Toyota Land Cruiser Hard top Jeeps

GAC's management, through the IPFMRP, also procured one Nissan Civilian 30-seater bus for an amount of US\$74,000 to ease the transportation problem faced by staff on a daily basis. Below is the cost and specification of the bus:

ITEM	QTY A	DESCRIPTION	UNIT PRICE US\$ B	AMOUNT US\$ C=A*B
Nissan Civilian bus-30 seated	1 (One)	Nissan Civilian Bus Sx-30 Seated	74,000.00	74,000.00

In December, management initiated the procurement for an additional 30-seater Nissan Civilian bus for the Tubman Boulevard route because, staffs appealed to management for an additional bus due to over-crowdedness of the buses being used. The 30-seater Nissan civilian bus was purchased at US\$80,000.00 has already been delivered coded and is being used by the staff. This has helped reduce the over-crowdedness of the bus in the midst of the Ebola Virus Disease (EVD).



Figure 3: (Right) The 30-Seater Nissan Civilian Bus

3.6.2 Local Area Network

The Commission, at the beginning of the reporting year hired the services of a company (Roviagate Technology) to network the entire institution building. The GAC currently has a data center which serves as one of the centers for the IFMIS system. This center was established by a World Bank sponsored project called the Economic Governance and Institutional Reform Project (EGIRP). The free balance system has been automated through this center to give access (viewing rights) to auditors as they carry out audit activities. An intranet system aimed at making employees communicate effectively has been installed and has helped staffs in executing their duties and responsibilities. The cost to network the entire building was US\$92,593.80, which was taken care of by the IPFMRP.

3.6.3 Furniture and Fixture

In order to create a conducive working condition, the Commission, through the IPFMRP, purchased office furniture valued at US\$96,385.00. The furniture includes but not limited to office desk, chairs, cabinet and cubicles. This has helped to reduce the challenge of seating capacity which is a major challenge for staff in the execution of their duties.

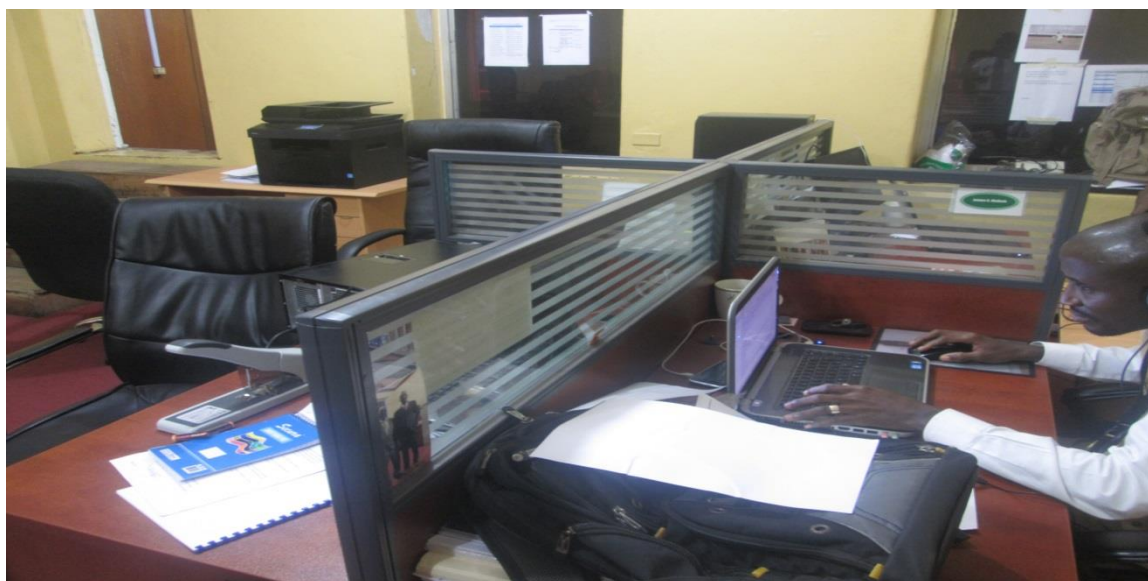


Figure 2: A Partial View of some of the Furniture

3.6.4 Training

As part of its capacity building program, the GAC through the IPFMRP dispatched four staff from the performance audit department to Pretoria, South Africa to attend performance audit training. The Commission spent US\$22,580.00 for the purchase of air ticket, accommodation, and pocket expenses.

In the same light, two employees were dispatched to the United States of America to attend Public Financial Management Program training in public budgeting. The training, organized by Duke University lasted for three weeks. The cost of tickets, incidental and fees was US\$27,736.00.

We are pleased to report that ten (10) staffs of the GAC received master degrees in Auditing from the Nanjing University in China. For the reporting period, we purchased air tickets amounting to US\$36,344.00 through the IPFMRP for the return of the staff. The Auditor General, Madam Yusador S. Gaye, along with her deputy Mr. Winsley S. Nanka, attended the graduation program of the ten (10) students in Nanjing, China. We are pleased to report that these staff have returned and are currently contributing their quota to the GAC.



Figure 3: AG and Deputy attend the graduation ceremony of ten GAC staff who received Master Degree in Auditing



Figure 4: Four Performance Auditors Received AFROSAI-E's Certification in South Africa

The GAC's Administration has embarked on a project to create a conducive and enabling working environment for its employees through renovation and other repair works on the building. Some of the works carried out include rest rooms reconditioning, etc.

3.7 Financial Statement





Promoting Accountability of Public Resources

General Auditing Commission (GAC)

**UNAUDITED FINANCIAL
STATEMENTS**

**FOR THE CALENDAR YEAR
ENDED DECEMBER 31, 2014**



**Yusador S. Gaye, CPA, CGMA
Auditor General, R.L.**

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Statement of Responsibilities of the Head of Ministry or Agency

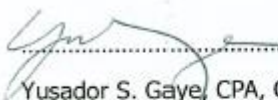
The following unaudited Financial statements set out from page 1 to page 12 have been prepared on the Cash Basis in accordance with International Public Sector Accounting Standards (Cash Basis IPSAS) and in compliance with the Public Financial Management Act, 2009 (PFM Act).

In accordance with provisions of the Public Financial Management Act, I am responsible for the control and accounting of funds and all other public funds received, held, and expended for and on behalf of the General Auditing Commission.

For the purpose of this report (calendar year), I am pleased to submit a required Statement of Receipts and Payments for the calendar year ended December 31, 2014.

To the best of my knowledge and belief, these financial statements agree with the books of accounts, which have been properly kept.

I accept responsibility for the integrity of these financial statements, the financial information they contain and their compliance with the Public Financial Management Act, 2009.


.....
Yusador S. Gaye, CPA, CGMA
Auditor General, R.L

December 31, 2014
.....
Date



Management's Discussion and Analysis on the Financial Statements

The General Auditing Commission, for the reporting period, received a total amount of US\$6,885,472. Of this amount, US\$6,314,294 constitutes the Government of Liberia's direct budgetary support; US\$565,395 constitutes donor support to the Commission's Budget and US\$5,783 as other amount received by the Commission.

During the reporting period, we inherited a deficit in General Allowance. In June 2014, the General Auditing Commission ended fiscal year 2013/2014 with a deficit of US\$216,566.00 which was taken care of by at the Ministry of Finance. The deficit was due to the huge employment at the end of fiscal period 2012/2013 by former Auditor General, Robert L. Kilby. The cost for these employments was not annualized. The June, 2014 salary was received in July, 2014 due to the delay in receiving additional funds to finance the deficit. The allotment to settle the deficit in General Allowance was received on the last day of the fiscal period. As of June 30, 2014, the GAC had personnel strength of four hundred twenty five (425) staffs. Currently, the Commission has three hundred ninety staffs (390) in its employ.

The General Auditing Commission started to remit social security contribution to NASSCORP when the current Auditor General, Yusador S. Gaye took over. The Commission had not been withholding from staffs over the Years. After series of discussions with authorities at NASSCORP, the Commission started withholding from staff in November, 2013. The Commission's liability as calculated by NASSCORP's officials was US\$1,377,610.25. Currently, the employer's contribution which constitutes 4.75% of the employees' gross salaries has been calculated on a monthly basis to be taken care of by the Ministry of Finance and Development Planning; since the employer's contribution has not been budgeted. As agreed in a meeting with deputy director general, Nya D. Twayen, the four percent (4%) penalty fee that should have been charged on the amount for being delinquent was waived by NASSCORP. The waiver was as a result of an appeal from the management of the GAC; coupled with management taking the initiative to ensure that employees and employer were in compliance with the law. We are pleased to report that the Commission has withheld the 3% contribution from employees in an amount of US\$147,627.3; which has been remitted to NASSCORP. This is the first in the history of the General Auditing Commission.


.....
Yusador S. Gaye, CPA, CGMA
Auditor General, R.L

December 31, 2014
.....
Date


.....
Comptroller

December 31, 2014
.....
Date

**GENERAL AUDITING COMMISSION
STATEMENT OF CASH RECEIPT AND PAYMENT
FOR THE YEAR ENDED DECEMBER 31, 2014**



Promoting Accountability of Public Resources

	Notes	2014			2013		
		Receipts/(Payment) Controlled by Entity US\$	Payment by Other Government Entities US\$	Payments Made by Third Party US\$	Receipts/(Payment) Controlled by Entity US\$	Payment by other government entities US\$	Payments Made by Third Party US\$
RECEIPTS							
Authorized Allocation/Appropriation	1	6,229,873	84,421	565,395	6,981,129	-	-
External Assistance	3				12,826		878,856
Other Receipts	2	5,783		-	20,119		-
Total Receipts		6,235,656	84,421	565,395	7,014,074		878,856
PAYMENTS							
Compensation of Employees:	4						
General Allowance		4,641,038		-	4,999,697		-
Special Allowance							-
		4,641,038			4,999,697		
Use of Goods and Service:	5						
Fuel & Lubricant for Generators and Vehicle		245,145	84,421	-	350,369		-
Repair and maintenance-Vehicles		41,425			36,637		-
Repair and maintenance-Machinery, Equipment & Furniture		29,035			27,138		-
Stationery		40,288			53,437		-
Printing Binding and publication Services		21,535			56,045		-
Entertainment, Representation and gift		30,863			48,537		-
other office Materials and Consumable		57,786			26,306		-
Water and Sewage		14,841			13,936		-
Telephone, Fax , internet , postage		96,781			138,685		-
Foreign travel -Means of travel		9,264			63,276		-
Foreign travel-Foreign Daily Substainance Allowance		13,682			36,069		-
Foreign travel-Foreign Incidental Allowance		6,655			10,705		-
Operational Expenses		111,187			170,844		-
Repair Maintenance -other		131			2,068		-
Newspapers, Books & periodicals		3,390			7,503		-
Legal Dues and compensation		3,280			14,255		-
Subscriptions		7,808			1,962		-
Audit fees		320,018		565,395	550,085		878,856
		1,053,114	84,421	565,395	1,607,857		878,856
Capital Expenditure							
Machinery,Equipment, & Furnitures					-		
Data Center					66,089		-
Transport Equipment					56,105		-
					122,194		
Other Expenses							
Bank Service Charges		4,083			4,670		-
Foreign Currency Translation Difference		12,819			6,164		-
		16,902			10,834		
Total Payments		5,711,054		565,395	6,740,582		878,856
Increase/(Decrease) in Cash		524,602		-	273,492		-
Cash at the beginning of the year		180,476			(93,016)		
Increase/(Decrease) in Cash		524,602			273,492		
Cash at End of the year	6	705,078			180,476		



GENERAL AUDITING COMMISSION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2014
(Expenditure Classification by Budget Line Item)

	Actual Amount	Final Budget	Original Budget	% Difference: Final Budget and Actual
CASH INFLOWS				
Authorized Allocation/Appropriation	6,314,294	6,845,001	5,929,326	92%
External Assistant	565,395	565,395	565,395	100%
Other Receipts	5,783	-	-	0%
Total Receipts	6,885,472	7,410,396	6,494,721	93%
CASH OUTFLOWS				
General Allowance	4,641,038	4,949,670	4,713,144	94%
Foreign Travel- Means of Travel	9,264	12,764	4,500	73%
Foreign Travel-Daily Sub. Allowance	13,682	17,915	6,750	76%
Foreign Travel- Incidental Allowance	6,655	2,959	1,124	225%
Water and Sewage	14,841	8,988	9,114	165%
Telecommunications, Internet, Postage & Courier	96,781	15,600	20,250	620%
Fuel and Lubricants- Vehicles & Generator	329,566	149,507	135,006	220%
Repair, Maint, Equip, Furniture	29,166	3,010	9,028	969%
Stationery	40,288	13,500	13,500	298%
Printing, Binding, Publication	21,535	14,497	20,250	149%
Newspapers, Books, and Periodicals	3,390	814	1,690	416%
Other Office Material and Consumables	57,786	6,750	6,750	856%
Audit Fees	885,413	2,050,310	1,540,397	43%
Entertainment, Representation and Gifts	30,863	3,532	7,594	874%
Operating Expenses	111,187	154,500	-	72%
Legal Dues and Compensation	3,280	6,080	5,624	54%
Repair and Maintenance - Vehicles	41,425	-	-	0%
Subscriptions	7,808	-	-	0%
Reconciling Items				
Bank Services Charges	4,083	-	-	
Foreign Currency Translation Difference	12,819	-	-	
Total Payments	6,360,870	7,410,396	6,494,721	86%
NET CASH FLOWS	524,602	-	-	

Notes to the Financial Statements

A. General Information and Accounting Policies

The principal address of the reporting entity is:

General Auditing Commission
Old Executive Mansion Building
Ashmun Street, Monrovia
Liberia

Accounting Policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of the Republic of Liberia in preparing and presenting the financial statements.

The principal accounting policies adopted in the preparation of this financial statement is set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

This financial statement has been prepared in accordance with the requirements of the Public Financial Management Act, 2009 and complies with the Cash Basis International Public Sector Accounting Standard (Cash Basis IPSAS): Financial Reporting under the Cash Basis of Accounting.

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The accounting policies adopted have been consistently used throughout.

(b) Reporting entity

The financial statement is for the General Auditing Commission.

(c) Reporting currency and translation of foreign currencies

(i) Functional and presentation currency

The functional currencies are the Liberian Dollar and the United States Dollar and the reporting currency is the United States Dollar. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

(ii) Translation of transactions in foreign currency

Foreign currency transactions are translated into United States Dollar using the exchange rates circulated by the Central bank of Liberia (CBL). Closing monetary balances are translated into the reporting currency using the closing rate. The closing rate for the reporting period is 1USD to 83.5LD. Foreign exchange gains

and losses resulting from the settlement of such transactions and from the translation at the year-ended are disclosed on the face of the financial statement for reconciliation purpose.

(d) Reporting Period

The reporting period for this financial statement is the calendar year, which runs from 1 January 2014 to the 31 December 2014.

1. Authorized allocations

Amounts appropriated to and received by the General Auditing Commission and control through its own bank account. Below is a breakdown of the authorized allocations received for the reporting period.

	2014 US\$	2013 US\$
Compensation of Employees	4,647,498.00	5,075,530.00
Goods and Services	1,582,375.00	1,905,599.00
Capital Expenditures	-	-
Total	<u><u>6,229,873.00</u></u>	<u><u>6,981,129.00</u></u>

2. Other Receipts

The Commission received fee from vendors for bid participation.

3. Grants from Multilateral Agency

The IPFMRP disbursed an amount of US\$565,395.00 for Goods and Services to enhance the GAC's audit work.

4. Compensation of Employees

This amount represents payment to employees of the General Auditing Commission as remuneration.

General Allowance

The below schedule shows monthly salaries for all GAC Staff during the reporting period:

	2014	2013
	US\$	US\$
January	404,100.00	330,502.00
February	405,010.00	310,595.00
March	399,405.00	389,570.00
April	391,185.00	396,744.00
May	390,685.00	425,205.00
June	-	664,799.00
July	768,314.00	417,370.00
August	389,499.00	414,860.00
September	373,655.00	412,450.00
October	393,179.00	447,875.00
November	349,896.00	419,200.00
December	376,110.00	414,740.00
Total	<u>4,641,038.00</u>	<u>5,043,910.00</u>

5. Use of Goods and Services

In general, all expenses are recognized in the statement of Cash Receipts and Payments when paid for. The Commission's total expenditure in goods and services was US\$1,053,114.00 for the reporting period.

The Commission also benefited from payment made by other Government Entities. An amount of US\$84,421.00 was paid by the Ministry of Finance and Development Planning in the settlement of the Commission's liabilities to the LEC. The Commission did not have electricity as a line item in its budget.

6. Cash at the end of the year

The reconciled cash balance at the end of the year is US\$705,078.00. Of this amount, 75% is committed to ongoing Audits, 20% to outstanding vendor payments, and the remaining 5% as amount to be remitted to NASSCORP and the General Revenue Account for staff 3% contribution withheld and 2% taxes withheld from vendors respectively. The GAC has up to June 30, 2015 to utilize the available balance as that ends fiscal period 2014/ 2015. This report is done on an annual basis.

7. Comparison of Budget and Actual Amounts

The original budget and the final budget were developed on the basis of the cash plan from January through December 2014 from two separate fiscal periods (FY13/14 & FY14/15). On this basis, the actual amount for the calendar year was compared to the

developed budget.

The Commission expended 85% of its final budget. Variances from expenditure line items are as the results of compiling two different fiscal periods' financial statements.

8. Liabilities

At the close of the year, the Commission's total liability position was US\$1,721,122.63. Of this amount, US\$1,611,313.67 represents the Commission's accrued total contribution of 4.75% to the National Social Security and welfare Corporation (NASSCORP), while the remaining amount represents goods and services owed to vendors. The Commission, since its inception, had not paid its 4.75% contribution to NASSCORP.

3.8 Constraints / Challenges in Administration

1. Limited budgetary support to finance administrative services
2. Inadequate office space and equipment for GAC Staff
3. The fight against the deadly disease (Ebola)