



Promoting Accountability of Public Resources

# ANNUAL REPORT OF THE AUDITOR GENERAL

FOR THE YEAR ENDED  
DECEMBER 31, 2015



**PERFORMANCE REPORT**

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

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### **List of Acronyms**

AfDB	African Development Bank
AFROSAI-E	African Organization of Supreme Audit Institutions of English Speaking Countries
AG	Auditor General
BOA	Bureau of Audit
EU	European Union
EVD	Ebola Virus Disease
GAC	General Auditing Commission
GOL	Government of Liberia
HR	Human Resources
IDI	INTOSAI Development Initiative
IFMIS	Integrated Financial Management Information System
INTOSAI	International Organization of Supreme Audit Institutions
IPFMRP	Integrated Public Financial Management Reform Project
IPSAS	International Public Sector Accounting Standards
MIC	Management Internal Control
NASSCORP	National Social Security and Welfare Corporation
OAG	Office of the Auditor General
PAC	Public Accounts, Expenditures and Audit Committee
PAR	Performance Appraisal Review
PKF	Pannell Kerr Foster
SIDA	Swedish International Development Corporation Agency
SP	Strategic Plan
TOR	Terms of Reference
USAID	United States Agency for International Development

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



Promoting Accountability of Public Resources

**Vision**

To be a professional Supreme Audit Institution (SAI) that promotes trust, accountability, transparency and value for money in the management of public resources.

**Mission**

GAC is the independent constitutional external public sector auditor of Liberia which supports Legislative oversight over the management of public resources. We serve the people of Liberia by conducting quality and timely financial, compliance and performance audits.

**Core Values**

Integrity, Transparency, Independence, Professionalism, Diversity.

## **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, 2015. I extend my compliment and heartfelt thanks to you for your support in general and for passing the GAC Act of 2014 in late December of 2014. I also extend thanks to Her Excellency Madam Ellen Johnson Sirleaf, President of the Republic of Liberia, for her tireless efforts aimed at strengthening Liberia's Public Financial Management System; we are especially grateful for her signing into law the aforementioned Bill in March 2015 as this now gives the GAC full financial and operational autonomy and brings it in adherence with the LIMA and Mexico Declarations. I also appreciate the support that has been given me by my two abled Deputies, the Deputy Auditor General for Audit Services, Mr. Winsley S. Nanka, and the Deputy Auditor General for Administration, Mr. Foday G. Kiazolu. I also like to thank the general staff body of the GAC for its commitment and contribution to the work of the Commission during this period under review. Finally, the role of our donor partners cannot be overlooked as their support aimed at buttressing the efforts of the Government of Liberia played a pivotal role in ensuring that the GAC achieved a number of its targets during this calendar year.

The year 2015 was a challenging one for the GAC and the Office of the Auditor General (OAG). There was a delay in the implementation of the annual work plan of the Commission as Liberia experienced new cases of the Ebola Virus Disease (EVD) and struggled with its adverse residual effect as the year progressed. Notwithstanding these difficulties, the GAC focused on delivering on its Constitutional Mandate as it maintained its current location (the Old Executive Mansion which is slated for future museum) and kept its attention on securing funding for land and drawings to facilitate the construction of a new GAC Headquarters in Monrovia. We also remained committed to our staff welfare and development and in this endeavor launched a staff medical insurance scheme and implemented numerous local and international training activities for our staff.

As the GAC remains an active participant in international bodies such as the International Organization of Supreme Audit Institutions (INTOSAI), the INTOSAI Development Initiatives (IDI), and the African Organization of Supreme Audit Institutions of English Speaking Countries (AFROSAI-E), we will continue to cooperate with these international bodies to maintain our current work standard and going forward strive to improve the quality of audits conducted by the Commission.

In this official manner, I am pleased to say that, consistent with our newly completed Strategic Plan (SP) of 2016-2020, we anticipate greater collaboration in the future with all stakeholders of the Commission; I believe, with the continuous support of the Government and our international partners, the GAC 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, R.L.**

## **1.1 Introduction**

### **1.1.1 Brief Historical Background**

Prior to 1956, the General Auditing Office (GAO) was established by an Act of the National Legislature as the Bureau of Audits (BOA) to pre-audit requisitions, vouchers and payrolls in connection with the disbursements of public moneys. This act 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 Laws of Liberia.

In 1972, the Executive Law of Liberia was amended: Chapter 53, Sections 1-11 established the General Auditing Office (GAO). Under this Law, the Auditor General reported directly to the President. However, the January 1986 Constitution of the Republic of Liberia created the GAC as one of three autonomous Commissions, resulting in the GAC replacing the GAO. In June 2005, a statutory provision was made supplementing the creation of the GAC in the 1986 Constitution which required the GAC to now report to the National Legislature instead of the President. Notwithstanding, this amendment did not enable the GAC to become fully compliant with the 1977 LIMA and the 2007 Mexico declarations. The 2014 GAC Act enables the Commission to be fully compliant with those declarations. However, for compliance to be fully achieved, the Act needs to be implemented in full with all of its provisions observed.



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

### **1.1.2 Current Structure of the OAG**

The GAC is headed by an Auditor-General (AG) who is assisted by at two Deputies who oversee the Audit and Administrative functions. Consistent with its new Organizational Structure which was launched in 2015, directly reporting to the Deputies are Directors who are heads of departments or cost centers. Within the Audit Service Department, the Directors are directly responsible for specific kinds of audits.

The GAC currently employs 357 staff. Most of the audit staff, although holding relevant first and second degrees as well as advanced audit trainings, do not have professional

certifications. However, some are currently working towards obtaining these certificates. GAC is actively encouraging staff to obtain their primary professional certifications - Certified Public Accountant (CPA)/ Chartered Accountants (CA)/ Certified Information System Auditor (CISA) - as professional accountants as future progression will depend upon them holding such qualifications while demonstrating good work performance.

### **1.1.3 Staff Placement**

After careful consideration and several consultations with relevant local stakeholders and with those in the AFROSAI-E Community, the GAC completed a comprehensive staff grading system during the year under review. In addition, during the second half of 2015, the Commission completed the placement of all audit staff within these grades with the target of concluding a similar exercise for Administrative staff by early 2016. The purpose of this exercise is to ensure that the GAC conforms to acceptable international Human Resources (HR) practices, while at the same time implement a system that enhances its staff's motivation, growth and professional development.

### **1.1.4 Team Concept**

In an effort to increase audit coverage, enhance efficiency in its service delivery and promote a system of peer mentorship amongst staff, the GAC introduced the team concept in 2014, with this approach becoming more comprehensive and fully implemented during the 2015 calendar year. Under this arrangement, auditors from the Manager grade and below are placed into teams of four to seven members with the objective of providing Executive Management with up to date first-hand information regarding which sections of its audit staff are between audit engagements and as such are ready to be assigned to new audits. This enables the Administration of the GAC to promptly assign staff to audits as the needs arise. Another advantage of this arrangement is that staff are able to gain additional skills/cross-trainings as a result of implementing other kinds of audit outside their original areas of work/specialty.

### **1.1.5 GAC Mandate (Functions of the Auditor General) – 2014 Act**

The Mandate of GAC is outlined in Part 2, Section 2.1.3 of the 2014 Act. The Act stipulates that:

- (a) The Auditor General shall be the auditor of the public accounts and public funds of the Republic of Liberia. Subject to sub-section (b) below, the Auditor General shall carry out such audits and inquires as he/she considers necessary of public entities and funds owned or controlled by the Government to enable reporting as required by the Act.
- (b) Notwithstanding the generality of sub-section (a) of this section:
  1. The Auditor General shall carry out the annual audit of the Government Consolidated Financial Statements, and
  2. The scope of the audits by the Auditor General for the Judicial Branch of Government shall exclude matters relating to courts decisions and for the Legislative Branch of Government shall exclude matters relating to merits legislation.

- (c) The Auditor General shall have the right to determine which audits are to be carried out, select the type of audits to be carried out, when to carry them out and report the findings.
- (d) In the performance of his/her operational duties as set out in sub-section (c) above, the Auditor General shall not be subject to the direction or control of any person or authority.
- (e) The Auditor General and the staff of the General Auditing Commission shall carry out audits, but shall not be involved, or seen to be involved, in any manner, in management responsibilities of the organizations being audited.

### **1.1.6 Strategic Plan Development/Implementation**

The GAC developed an Interim Strategic Plan to cover the period 2014-2015 when the Strategic Plan (SP) for 2009-2013 expired. This Plan, which expired on December 31, 2015, was developed to help guide the operations of the Commission during the interim period and to provide a foundation and roadmap for the crafting of the GAC's next Strategic and detailed Annual Operational Plans as the Commission planned for the future. As this document covered a period of only two years, the Auditor General resolved to set a few goals that could be realistically achieved during this time frame. Most of the goals of this Plan were achieved during the planned period, the highlights of which are given below:

- As of the date on which the Interim SP expired, the new SP of 2016-2020 had already been finalized with major aspects of the 2016 Operational Plan also in place, with this being a requirement under Section 2.1.8 (a) of Audit Act of 2014.
- The GAC completed and released its Revised Personnel Policies and Procedures Manual and implemented a Personnel Medical Insurance Scheme.
- The GAC finalized and implemented a detailed Grading and Placement System for its staff with about 67% of its workforce (auditors) being reclassified into this system by the end of 2015.
- As a requirement under Section 2.1.8 (e) of the Audit Act of 2014, the GAC ensured that a number of its staff were trained both locally (in-house and at training centers) and abroad so as to enhance their knowledge of the audit profession and/or facilitate their continued professional education
- Although funds were scarce, the GAC, through its budgetary appropriations, acquired essential assets such as vehicles, computers and office furniture for the continuance of its work. Also, sections of its office space were refurbished through contributions from donors.
- While the unavailability of funds and the lingering effects of the EVD served to pose a hindrance to the implementation of its Annual Work Plan, the GAC managed to complete a number of key audits during this period. The details of



these audits are provided in subsequent sessions of this Report.

- Regular interactions were made with regional professional bodies so as to ensure that the GAC remained up to date on developments within the audit profession so that its practices and procedures remained current and met international standards.
- The GAC established a Project Management Department during the period under review for the purpose of identifying opportunities and developing proposals that could attract resources to support Central Government's efforts.

## 1.2 Audit Services

### 1.2.1 Major Focus in Audit During the Year

The GAC completed and issued 11 (eleven) audits for the year ended 2015. Six (6) of the eleven (11) audits were requested by donors and the reports were submitted directly to the donors. Five completed audits were issued to the National Legislature. Among these audits was the Consolidated Fund Audit for 2012/2013 fiscal period. The Commission's capacity on audit related activities during the period under review was constrained due to the outbreak of the EVD from March 2014 to July 2015.

**Table A1: List of Completed Audits During the Year**

No	Entity	Period	Status	Date Issued
1	National Ebola Trust Fund	August 1, 2014 – October 31, 2014	Issued	April 8, 2015
2	Special Procurement Audit of the Ministry of Public Works for the Construction of Roads and Bridges throughout Liberia	July 1, 2010 - June 30, 2013	Issued	June 24, 2015
3	Report on the Government of Liberia Consolidated Fund Financial Statements	July 1, 2012 - June 30, 2013	Issued	June 25, 2015
4	Liberia Anti-Corruption Commission Financial Statements	July 1, 2012 - June 30, 2013	Issued	July 9, 2015
5	National Oil Company of Liberia Financial Statements	June 30, 2009 - June 30, 2013	Issued	October 21, 2015
6	Apply Agreed-Upon Procedures to the LEITI Reporting Templates on the Assessments and Collections of Revenues by the Liberia Revenue Authority (LRA) & Supervising Ministries & Agencies (M&As)	2012/2013	Issued	November 26, 2015

No	Entity	Period	Status	Date Issued
7	Labor Based Public Works Project (LBPWP) Supplementary Grant Implemented by the Government of Liberia	2012/2013 & 2013/2014	Issued	December 22, 2015
8	The Liberia Accelerated Electricity Expansion Project (LACEEP)	July 1, 2014 - June 30, 2015	Issued	December 30, 2015
9	Ministry of Health-the Health System Strengthening Project (HSSP)/ Health Result Based Financing (HRBF) Design Project	July 1, 2014 - June 30, 2015	Issued	December 31, 2015
10	The Fostering Innovation Sanitation and Hygiene (FISH) Project (Monrovia City Corporation)	2013/2014 & 2014/2015	Issued	December 31, 2015
11	Integrated Public Financial Management Reform Program (IPFMRP) Financial Statement & Multi-Donor Trust Fund (MDTF) International Development Association (IDA) and African Development Bank Project (AfDB)	2013/2014	Issued	December 31, 2015

### 1.2.2 Audit Engagements

The GAC's Management commissioned thirty-nine (39) audit engagements in 2015 which included 28 (twenty-eight) procurement audits, two (2) performance audits, five (5) regularity audits and four (4) donor audits. Also, fourteen (14) post audits rolled into the year 2015, thus giving a combined total of fifty-three (53) post audit engagements. Of the fifty-three post audit engagements, eleven (11) were completed and submitted to the National Legislature and donors as previously indicated. The remaining Forty-two (42) commissioned post audits are being processed. Factors contributing to delays in the completion of reports have already been outlined above which included the EVD, the lack of cooperation of some auditees and the lack of documentation.

Donor organizations including the World Bank, AfDB and the United States Agency for International Development (USAID) have developed confidence in the quality of audit work performed by the GAC over the past years. As a result, they have requested the GAC to audit funds provided to the Government of Liberia as development assistance. For instance, during the year 2015, the World Bank and AfDB requested the GAC to conduct several audits of their funded projects in Liberia.

Our donor partners, namely the World Bank, the EU, IDI, Swedish International Development Corporation Agency (SIDA) and USAID have all contributed immensely to enhance the Commission's work through technical support such as the stationing of experts at the GAC as well as infrastructural and other logistical support since the reorganization of the GAC in 2007.

### **1.2.3 Budgetary Support**

For the fiscal year 2014/2015, the GAC submitted a budget of US\$3,700,000 to conduct seventy nine (79) audits. These audits were selected based on the Commission's Risk Matrix. However, the Ministry of Finance and Development Planning (MFDP) committed only US\$650,000.00 in the National budget of 2014/2015 during its submission to the National Legislature. Due to this, the Commission could only conduct seventeen (17) audits of line Ministries and Agencies for fiscal period 2014/2015 leaving out sixty two (62) audits as per its risk analysis of institutions.

Finally, the completion of audits remains central to the operations of the GAC. Financial challenges are critical to the completion of most of the reports which are outstanding. While many of the reports require field trips for their completion, funding for these trips has been inadequate.

### **1.2.4 Challenges Hampering Audit Execution:**

During the period under review, we observed that in addition to the National challenge (the fight against the EVD), the GAC has been faced with a series of challenges which impeded audit engagements and the timely issuance of audit reports. These challenges can be divided into two main categories: limited logistics and the lack of adequate cooperation from the auditees:

#### **a. Limited Logistics/Funding**

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

#### **b. 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 implement audit recommendations
- Apparent inability to prepare financial statements using appropriate reporting standards

### **1.2.5 Support to Oversight Committees of Parliament**

In promoting increased accountability, probity and transparency in the management of public funds, the OAG provided technical support to the Joint Public Accounts, Expenditure and Audit Committee (PAC) by attending public hearings and aiding in the budget process. Through the technical assistance provided by the GAC, the PAC of the National Legislature was able to submit findings and recommendations from six (6) audit reports produced by the GAC to the Executive Branch for implementation.

### **1.2.6 Audit Quality Control and Quality Assurance**

Besides the quality review carried out by the AFROSAI-E, two Quality Assurance Consultants have been recruited by the GAC through the World Bank to strengthen the quality assurance process of the OAG. This will enhance the quality control and quality assurance functions of the Commission through proper supervisory review.



### 1.3 Administration

The Department of Administration serves as the pillar for audit support. There are eleven Units in Administration: Finance, Human Resources, Strategic and Operational Planning, Procurement, Asset, Facility and Fleet Management (AFFM), Management Internal Controls (MIC), IT Operations, Communications, Facility Security, Budget and Project Management.

#### 1.3.1 Human Resources and Manpower Development

During the period under review, staff of the GAC participated in several trainings with the purpose of enhancing their technical expertise/capabilities and ensuring that they remained current with new developments in the field of auditing. In this effort and realizing that there is a continuous need to have personnel of SAIs undergo regular trainings in ethics and soft skills development, the Management of the GAC hired the service of the late Ambassador J. Adolphus During who conducted a one week training session (April 13-16, 2015) in Ethics and Etiquette for all staff of the Commission. In May of the same year, another training session on leadership was conducted by Point Man International Ministries and again all GAC staff participated. Both workshops were held at the Executive Pavilion in Monrovia with the cost paid by the World Bank.

Other training activities during the period being reviewed are summarized below:

**Table 1.1 Trainings Executed During Calendar Year 2015**

No	Description	Date (2015)	Local/Foreign	Venue	Number of Staff Who Attended
1	Procurement & Contracts of Goods and Services Fraud Seminar	5th Feb.	Local	GAC Conference Room	90
2	Audit Working Papers Review and Implementation	6th to 24th Feb.	Local	GAC Conference Room	232
3	Microsoft Office 2010 Fundamentals (Excel, Word)	18th to 19th March	Local	GAC Conference Room	30
4	Human Resources Management	13th April to 20th June	Local	Liberia Institute of Public Administration (LIPA)	1
5	Audit Documentation and Working Papers	24th to 25th Sept.	Local	GAC Conference Room	20
6	MICAT Public Relations Officers Seminar	5th to 8th Oct.	Local	MICAT Press Hall	1
7	Performance Audit Refresher	8th October	Local	Golden Beach, Sinkor	20
8	INTOSAI Performance Measurement Framework	2nd to 6th Nov.	Foreign	South Africa	2
9	AFROSAI-E Regularity Audit Refresher	16th to 20th Nov.	Foreign	South Africa	2

### 1.3.2 Staff Welfare (Personnel Medical Insurance Scheme)

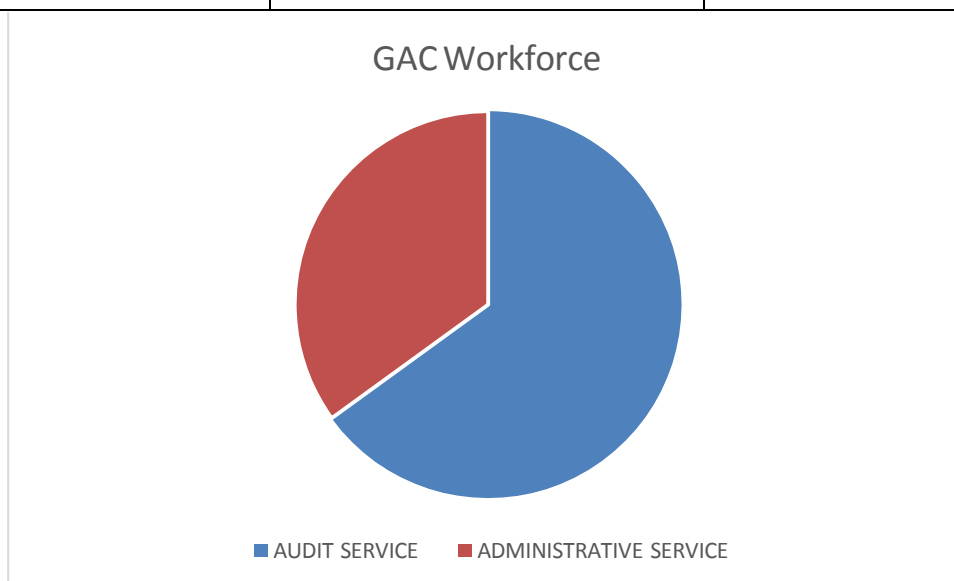
Highlighted amongst several staff welfare related issues is the implementation of a Personnel Medical and Death Insurance Scheme which was launched during the annual year under review. Under the arrangement between the Management of GAC and its staff, the Commission pays 70% of the cost of this insurance scheme while the staff pays the remaining 30%. The objective of the aforementioned arrangement is to ensure the sustainability of the scheme as the GAC seeks to work within the resources that are made available to it by the Government of Liberia (GOL).

### 1.3.3 GAC Employees Statistics for Period Covering January 1 to December 31, 2015

As at December 31, 2015, the GAC had a total workforce of 357 persons (254 males or 71 % and 103 females or 29%). It is also worth mentioning that 67% of this total workforce works in the Audit Service Department which is a further manifestation of the fact that the Commission is indeed audit-focused.

Below is a breakdown of the GAC total staff at the end of the calendar year:

DIVISION	NO. OF EMPLOYEES	PERCENTAGE
AUDIT SERVICES	239	67%
ADMINISTRATION	118	33%
<b>TOTAL</b>	<b>357</b>	<b>100%</b>



The Human Resources (HR) Unit is currently working to 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.

### 1.3.4 Staff Turnover – January 1, 2015 to December 31, 2015

The following staff turnover occurred:

Resignations	–	33
Dismissals	–	3
Deaths	–	5
Payoff	-	1

Retirement	-	4
Severance	-	<u>1</u>
<b>Total</b>	-	<b><u>47</u></b>

### **1.3.5 Project Management and Budget Offices**

During the calendar year 2015, the GAC established a Project Management Office within its Department of Administration. The purpose of this Unit is to identify areas of need within the Commission, develop proposals and source the associated funding. This will in a way support the efforts of the GOL in providing resources for the smooth operation of the GAC. A Budget Office was also established to work in collaboration with the GAC's Finance Unit to coordinate the Entity's budget development and implementation processes which will ensure that it remains compliant with relevant financial Laws and Regulations of the Republic of Liberia.

### **1.3.6 List of Newly Approved and Drafted Policies Prepared During the Reporting Period:**

- HR Policy Manual (Approved)
- Pay Day Policy (Approved)
- Assets Management Policy (Approved)
- Vehicle Management Policy (Approved)
- Revised Fuel Distribution Policy (Approved)
- Revised Scratch Cards Distributions Policy (Approved)
- Communication Policy (Drafted)
- Policy and Guidelines for Outsourcing Audits (Drafted)
- Financial Management Policies and Procedures Manual (Approved)
- Procurement Policies and Procedures Manual (Approved)

### **1.3.7 Affiliation with Professional Organizations**

As required under Section 2.1.8 (g) of the Audit Act of 2014, the GAC fully participated in the activities of professional bodies during the annual year 2015. One organization with which the GAC had numerous interactions was the AFROSAI-E. Between 13th and 17th April 2015, the GAC was represented by two of its Audit staff at an AFROSAI-E-organized Integrated Financial Management Information System (IFMIS) Workshop in Pretoria, South Africa. Again, during the first week of May 2015, one of the GAC's Legal Counsels represented the Commission at a Forum that was held in Dar es Salaam, Tanzania. The focus of this program was on the "Role of Legal Profession in Enhancing Performance and Independence of Supreme Audit Institutions". This trip was followed by another to South Africa in May 2015 at which time another two auditors attended.

From 25th to 31st March 2015, a GAC delegation led by the AG travelled to the Republic of Tanzania to meet with officials of the National Audit Office of that Country. The meeting culminated with the two SAIs signing an MOU which amongst other things commits them to sharing ideas which will lead to institutional development in the two SAIs as a way of enhancing transparency, accountability and good governance in the management of public funds in the two countries.

The GAC also interacted extensively with the IDI during this period. From 10th to 14th August 2015, the AG, the Deputy AG for Audit Services, and three senior staff of the GAC attended a workshop/conference in Oslo, Norway. The purpose of the visit was to work with IDI in order to make considerable progress on the Commission's SP of 2016-2020 while at the same time attend a cooperation meeting of stakeholders for IDI Capacity Development on Auditing Externally Aided Projects in Agriculture and Food Sector. Another interaction with the IDI took place in the third week of November 2015 when the AG visited India to attend an IDI-sponsored Global Leadership Symposium.

Other related activities include the AG's attendance at the 50th Annual Meeting of the AfDB which was held in Abidjan, Ivory Coast between 25th and 29th May 2015. The AG and another senior audit staff also travelled to Johannesburg, South Africa in November 2015 to attend the 10th Technical Update of Auditor Generals.

### 1.3.8 Financial Management and Budget Performance

The Commission's approved budget for fiscal period 2014/2015 was US\$5,928,506.00, of which US\$4,674,840.00 was for Personnel Services and US\$1,253,666.00 was in Goods and Services. Further analysis shows that about 79% of the budget was for Personnel Services and 21% was for Goods and Services.

#### 1.3.8.1 Acquisition of Assets

##### 1.3.8.1.1 Purchase of Vehicles

In June 2015, the GAC, through GOL funding, procured six (6) Mitsubishi L200 pick-ups. The value of the six pickups totaled US\$202,656.00. Additionally, the GAC also purchased two Nissan Patrols at the total cost of US\$108,000.00. The purpose for acquiring these vehicles was to facilitate audit works in the counties, especially for areas that are not easily accessible. The purchase of these vehicles has reduced the huge cost of renting vehicles during the conduct of field verifications by auditors. However, there is still a need for additional vehicles as these cannot accommodate the work of the Commission especially during peak audit periods when the GAC could be constrained to rent additional vehicles to accommodate its needs. Below is a summary of the cost and specification of these vehicles:

ITEM	QTY A	DESCRIPTION	UNIT PRICE US\$ B	TOTAL AMOUNT US\$ C=A*B
Mitsubishi L200	6	Mitsubishi L200 Pickups (4 doors)	33,776.00	202,656.00



Figure 2: Mitsubishi L200 Pick-ups

ITEM	QTY A	DESCRIPTION	UNIT PRICE US\$ B	TOTAL AMOUNT US\$ C=A*B
Nissan Patrol Jeep	2	Nissan Patrol Jeeps	54,000	108,000



Figure 3: Nissan Patrol Vehicles

#### 1.3.8.1.2 Computers for Auditors

At the GAC, laptops are rotated amongst auditors because we have not been able to give each auditor an assigned laptop due to the limited amount available. Knowing the effect this has on its annual audit program, the Management of GAC procured thirty (30) Dell Inspiron laptops to increase the computers in its pool for auditors so as to help reduce the pressing need for these essential working tools. The thirty (30) pieces of laptops, which were purchased in June of 2015, were acquired at a total cost of US\$41,550.





**Figure 4: Laptops for Auditors**

### **1.3.9 Financial Highlights Under the Integrated Public Financial Management Reform Project (IPFMRP)**

#### **1.3.9.1 Access Control (Attendance) and IP Camera Systems**

In May 2015, the Management of GAC procured an Access Control and Attendance System to ensure that its employees attendances are captured and monitored electronically and thereby more effectively. It is also hoped that this system will enhance the security of the GAC building as staff of the Commission deal with sensitive auditee information. The Commission procured this System through the IPFMRP at a cost of US\$16,640.50. Currently, all employees are made to clock in and out using the biometric door system. Time theft has been reduced and monitoring and evaluation is effective through the help of the system. The system is monitored with reports generated on a periodic basis and employees reprimanded as necessary.

Additionally, the GAC through the help of the IPFMRP procured a forty-two (42) IP Camera System to help provide security for its building and at the same time monitor employees' productivity. The cameras are installed both in and out of the building.



**Figure 5: One of Several IP Cameras**

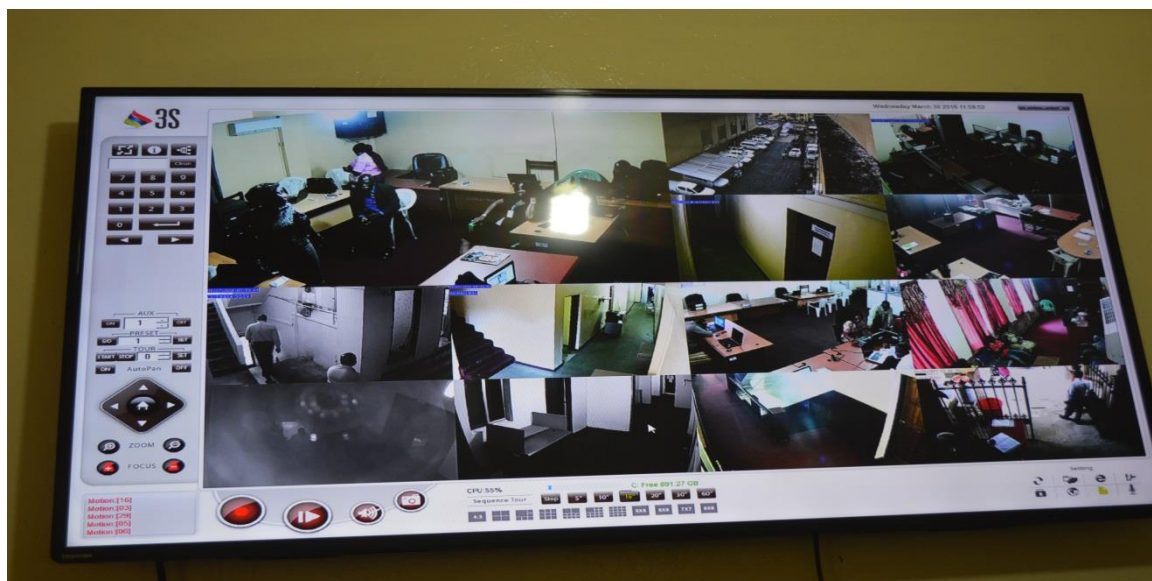


Figure 6: A Monitor for IP Camera System



Figure 7: Access Control and Attendance System

### 1.3.9.2 Battery Bank Backup

The GAC has one of the data centers which is part of the IFMIS roll-out program. To ensure that the data center is operational for hours when the building is out of power, the Management of GAC embarked on a project to upgrade the battery bank the Commission operated with at the time. In June 2015, a battery bank system was procured at the cost of US\$44,460.00. This has provided additional support to the GAC by ensuring that employees are able to clock-in and out with the back-up system when there is no electricity. The internet (fiber optic) and the IFMIS system (FreeBalance) are also connected to the battery bank system which allows staff to have access to the internet and process transactions in IFMIS in the absence of electricity. The GAC IT Department has been helpful in driving and maintaining the system which is capable of running for up to twelve (12) hours.



Figure 8: Battery Bank System



Figure 9: Battery Bank System

### 1.3.9.3 Refurbishment, Furniture and Fixture (West Wing)

Over the years, seating capacity for auditors has been a major issue which has often contributed to a reduction in employees' optimum productivity. A few years ago, the Management of GAC carved a plan under the IPFMRP to renovate the West Wing of the building which had been dilapidated for a very long time. The plan was approved under the Project and the bidding arrangements were finalized to renovate this section of the building so as to increase the seating capacity for auditors. Currently, the West Wing has been refurbished and fully furnished. The cost of the refurbishment was US\$65,195.10 and the cost of the furniture and fixture was US\$22,249.00. This has created additional space for auditors to work and to be monitored by their supervisors while carrying out their duties, thus contributing to the GAC Management's effort to create a conducive working environment for its staff. The furniture includes but are not limited to office desks, chairs, air conditioners, water dispenser, refrigerators, and metal box shelves.

**Before**



**Figure 9: West Wing**

**After**



**Figure 10: West Wing**

**1.4 Financial Statements**

The GAC operates on a fiscal year basis and so in order to truly present the financial picture of the Commission, the financial statements that follow hereafter are presented on a fiscal year basis (July 1, 2014 – June 30, 2015) and do not represent the Calendar Year 2015.





Promoting Accountability of Public Resources

## GENERAL AUDITING COMMISSION



### UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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## 2 Statement of Responsibilities of the Head of Agency

The following Unaudited Financial Statements set out from pages 1 to page 13 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 the 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 (GAC).

I am required to prepare and submit Financial Statements to the Ministry of Finance and Development Planning (MFDP) after the end of every fiscal year in compliance with the PFM Act. Accordingly, I am pleased to submit the required Statement of Receipts and Payments for the Fiscal Year ended June 30, 2015. I hope the notes to the Financial Statements will further clarify the information in these Financial Statements.

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**

8/31/15

.....  
**Date**



### **3 Management's Discussion and Analysis on Financial Statements**

The purpose of Management's discussion and analysis (MD&A) is to introduce the financial statements and provide an analytical overview of the Commission's financial activities for the fiscal year 2014/2015.

#### **STRUCTURE AND DEVELOPMENT**

The General Auditing Commission (GAC) has two (2) functional departments: Administration and Management and Audit Service and is headed by the Auditor General and Deputy Auditors General. At the start of the fiscal period in July 2014, the GAC had in its employ four hundred and twenty eight (428) staff and by the end of the fiscal period, this number reduced to three hundred eighty (380). This was as a result of employees' turn-over and payroll clean-up process.

As part of the newly emerging development, the Audit Bill has now been signed into law and printed into handbills. This Bill was signed on December 22, 2014 and printed on March 06, 2015. It now gives the GAC both financial and operational autonomy.

As part of the Auditor General's capacity building plan, an MOU was signed between the National Audit Office of the United Republic of Tanzania and the GAC in Dar es Salaam, Tanzania. The objective of the cooperation is for both Supreme Audit Institutions (SAIs) to contribute to good governance and an efficient public administration in both Countries, and at same time collaborate in sharing experiences that will contribute to the institutional development of the two SAIs thereby enhancing transparency, accountability and good governance in the management of public funds in the two Countries.

An access control system has been installed at the GAC, the 2nd floor west wing of the GAC building has been remodeled, and a battery bank has been installed and connected to all the Entity's Servers. These developments have greatly improved the technological infrastructure of the Commission compared to previous years.

#### **FINANCIAL PERFORMANCE**

The GAC's approved budget for fiscal period 2014/2015 was US\$5,928,506.00, of which US\$4,674,840.00 was for Personnel Services and US\$1,253,666.00 in Goods and Services. Further analysis shows that about 79% of the budget was for Personnel Services and 21% was for Goods and Services.

##### **Personnel Services**

The Commission disbursed US\$4,904,319.00 in salaries during fiscal period 2014/2015. The material variance between budgeted and disbursement amounts was as a result of June 2014 (FY 13/14) salaries being paid in July of FY14/15.

##### **Goods and Services**

The GAC had in its Budget US\$1,253,666.00 for Goods and Services. However, the Commission received US\$1,393,051.00 from the Ministry of Finance and Development Planning (MFDP) for Goods and Services.

Under the funds provided for Goods and Services, the Commission has procured cellphones for its which will eventually go along with the Call User Group (CUG) to enable effective communication employees. Also, offices are being renovated to provide favorable working environment for staff, who are at the same time enjoying their medical insurance benefits that was initiated during the

2014/15 Fiscal Year; the GAC has also embarked on a comprehensive painting process that will cover the inner and outer portions of its building.

Initially there was US\$650,000 apportioned in the GAC's Goods and Services Budget for Audit Services. However, the Commission received from MFDP US\$1,040,761.00 for Audits. The variance between the budgeted and received amounts was because an allotment of US\$173,915.00 for June FY13/14 was received in July 2015. Other amounts that led to this increase were the amount allotted for the Ebola Trust fund Audit which totaled US\$55,846.00 and funds received for the audits of Public Works and Planning Ministries which amounted to US\$161,000.00. These amounts were also disbursed in FY14/15.

Strategic Planning of Audit by the Commission has resulted in the commissioning of 28 Procurement Audits of Ministries and Agency (MAC's) which are currently ongoing. The GAC has completed several audits of Ministries and Agencies in FY14/15. Amongst these completed Audits are the Consolidated Audit for Fiscal Year 2012/2013, the Ebola Special Trust Fund Audit and Ministry of Public Works Special Procurement Audit. Copies of reports on these audits and others not mentioned here can be downloaded from the GAC's official website ([www.gac.gov.lr](http://www.gac.gov.lr)).

### Donor Project Impacts

During the period under review, the Integrated Public Financial Management Reform Project (IPFMRP) was instrumental in enhancing the work of the GAC. Amongst other things, the Project acquired transport equipment and furniture, facilitated foreign travels for staff, and also hired the accounting firm Pannell Kerr Forster (PKF) to audit the GAC's component of the Project. The total disclosed payments made by the PFMU summed up to US\$364,709.00.



Head of Ministry or Agency

August 31, 2015

Date



Comptroller

August 31, 2015

Date:

**GENERAL AUDITING COMMISSION**  
**4 STATEMENT OF CASH RECEIPTS AND PAYMENTS**  
**FOR THE FISCAL YEAR ENDED 30<sup>TH</sup> JUNE 2015**

ACCOUNT TITLE/DESCRIPTION	NOTE S	FY 14/15			FY 13/14		
		RECEIPTS/PAYMENT S CONTROLLED BY ENTITY	PAYMENTS BY OTHER GOV'L ENTITIES	PAYMENTS BY EXTERNAL PARTIES	RECEIPTS/PAYMENT S CONTROLLED BY ENTITY	PAYMENTS BY OTHER GOV'L ENTITIES	PAYMENTS BY EXTERNAL PARTIES
		US \$	US \$	US \$	US \$	US \$	US \$
<b>RECEIPTS</b>							
Authorized Allocation/Appropriation	1	6,305,945	23,181	-	5,809,783	69,483	-
Other Receipts	2	76,575		-	6,148	-	-
<b>External Assistance:</b>							
Grants From Multilateral Agencies	3	-	-	364,709	12,826	-	1,863,170
<b>Total Receipts</b>		<b><u>6,382,520</u></b>	<b><u>23,181</u></b>	<b><u>364,709</u></b>	<b><u>5,828,757</u></b>	<b><u>69,483</u></b>	<b><u>1,863,170</u></b>
<b>PAYMENTS</b>							
<b>Operations:</b>							
Wages, Salaries and Employee Benefits	4	4,904,319	-	-	4,519,005	-	-
Use of Goods and Services	5	1,048,599	23,181	364,709	1,269,639	69,483	1,341,283
<b>Capital Expenditures:</b>							
Purchase/Construction of Property, Plant, and Equipment	6	-	-	-	-	-	521,887

*Unaudited Financial Statements  
For The Fiscal Year Ended June 30, 2015*

<b>Total Payments</b>		<b><u>5,952,918</u></b>	<b><u>23,181</u></b>	<b><u>364,709</u></b>	<b><u>5,788,644</u></b>	<b><u>69,843</u></b>	<b><u>1,863,170</u></b>
<b>Increase/Decrease in Cash</b>		429,602	-	-	40,113	-	-
Cash at the beginning of the year		13,216	-	-	(5,462)	-	-
Foreign currency translation difference		(4,270)	-	-	(21,435)	-	-
<b>Cash at the End of the Year</b>	<b>6</b>	<b><u><u>438,548</u></u></b>	<b>-</b>	<b>-</b>	<b><u><u>13,216</u></u></b>	<b>-</b>	<b>-</b>

**5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT  
FOR THE GENERAL AUDITING COMMISSION OF THE REPUBLIC OF LIBERIA  
FOR THE YEAR ENDED JUNE 30, 2015 (NOTES 8)**

**- Budget Approved on the Cash Basis**

ACCOUNT TITLE/DESCRIPTION	Actual Amount	Final Budget	Original Budget	Difference: Final Budget and Actual	Percentage Variance
	US \$	US \$	US \$	US \$	%
<b>CASH INFLOWS</b>					
Authorized Allocation/Appropriation	6,329,126	5,928,506	5,603,506	(400,620)	-7%
Grants	364,709	1,387,333	1,387,333	1,022,624	74%
Other receipts	76,575			(76,575)	-
<b>Total Receipts</b>	<b>6,770,410</b>	<b>7,315,839</b>	<b>6,990,839</b>	<b>545,429</b>	7%
<b>CASH OUTFLOWS</b>					
Wages, Salaries and Employee Benefits	4,904,319	4,674,840	4,674,840	(229,479)	-5%
Goods and Services Consumed	1,436,489	2,640,999	2,315,999	1,204,510	46%
Capital Expenditure	-	-	-	-	-
<b>Total payments</b>	<b>6,340,808</b>	<b>7,315,839</b>	<b>6,990,839</b>	<b>975,031</b>	
<b>NET CASH FLOWS</b>	<b>429,602</b>	<b>-</b>	<b>-</b>	<b>(429,602)</b>	<b>-</b>

\* Actual amounts encompass both cash and third party settlements.

## 6 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

#### 6.1.1 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 these financial statements are set out below. These policies have been consistently applied in all the years, unless otherwise stated.

#### 6.1.2 (a) Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Public Financial Management Act of 2009 and in compliance with the International Public Sector Accounting Standard (IPSAS) Cash Basis.

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.

#### 6.1.3 (b) Reporting Entity

The financial statements are for the General Auditing Commission.

#### 6.1.4 (c) Reporting Currency and Translation of Foreign Currencies

##### (i) Functional and Presentational Currency

The functional currencies are the Liberian Dollars and the United States Dollars 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 Dollars, 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 84LD. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end are disclosed on the face of the financial statements for reconciliation purpose.

### 6.1.5 (d) Reporting Period

The reporting period for these financial statements is the financial year of the Government of Liberia, which runs from 1 July 2014 to the 30 June 2015.

#### 1. Authorized Allocations

These include amounts appropriated to, received by the GAC and controlled through its own bank accounts. Below is a breakdown of the authorized allocations received for the reporting period.

	<b>FY 14/15</b>	<b>FY 13/14</b>
	<b>US\$</b>	<b>US\$</b>
Compensation of Employees	4,912,894	4,521,680
Goods and Services	1,393,051	1,288,103
Capital Expenditures	-	-
<b>Total</b>	<b><u>6,305,945</u></b>	<b><u>5,809,783</u></b>

#### 7 2. Other Receipts

Among other receipts were amounts paid by vendors for participation in bidding processes as well as funds received from donors and GOL entities to enhance other audit projects. The GAC received from MFDP an amount of US\$55,846.00 to finance the audit of the Ebola Trust Fund, while US\$8,822.00 was received from the Ministry of Agriculture for the audit of the Japan-Liberia Paddy and Seed Rice Project; a further US\$7,320.00 was received from the Ministry of Health for its HSSP Pre-Pilot Project Audit. Also, vendors remitted US\$3,825.00 to the GAC to purchase bid documents, while US\$762.00 was miscellaneous receipt accounting for transactions such as returned incidentals and recovery from staff for misplacing GAC's assets.

	<b>FY 14/15</b>	<b>FY 13/14</b>
	<b>US\$</b>	<b>US\$</b>
Other Receipts	76,575	6,148
<b>Total</b>	<b><u>76,575</u></b>	<b><u>6,148</u></b>

#### 8 3. Grants from Multilateral Agencies

The combination of the IPFMRP, USAID and the European Union expenditures are considered external assistance to the GAC.

The details below show that US\$364,709.00 was paid by the Public Financial Management Unit (PFMU) under the Integrated Public Financial Management Reform Project (IPFMRP) funds.

	<b>2014/2015</b>	<b>2013/2014</b>
	<b>US\$</b>	<b>US\$</b>
IPFMRP (Pool Fund)	364,709	721,189
USAID	-	9,636
European Union (EU)	-	1,145,170
<b>Total- Grants from Multilateral Agencies</b>	<b><u>364,709</u></b>	<b><u>1,875,995</u></b>

## 9 4. Wages, Salaries & Employees Benefits

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

### General Allowance

The below schedule shows monthly salaries for all GAC Staff

	<b>2014/2015</b>	<b>2013/2014</b>
	<b>US\$</b>	<b>US\$</b>
July	768,314	417,370
August	389,499	414,860
September	373,655	416,275
October	393,179	446,175
November	349,896	419,200
December	376,110	414,740
January	375,350	404,100
February	376,960	405,010
March	384,433	399,405
April	373,587	391,185
May	372,967	390,685
June	370,369	-
<b>Total</b>	<b><u>4,904,319</u></b>	<b><u>4,519,005</u></b>

## 10 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 on goods and services was US\$1,048,599.00 for the reporting period. Below is a breakdown of total expenditure by economic classification.

	<b>2014/2015</b>	<b>2014/2015</b>
	<b>US\$</b>	<b>US\$</b>
Foreign Travels Expenses	58,778	85,944
Water and Sewage	11,416	19,359
Telecommunication	52,936	118,633
Fuel and Lubricants- Vehicles & Generators	105,054	378,303
Repairs and Maintenance-Vehicles	34,192	25,148
Repairs and Maintenance-Mach, Equip & Fur	19,553	53,544
Stationery	30,397	64,494
Printing, Binding, & Publication Services	9,700	18,685
Newspaper, Books & Periodicals	4,552	4,511
Other Office Material & Consumables	22,357	44,802
Audit Fees	631,629	316,704
Entertainment, Representation and Gifts	23,717	19,955
Operating Expenses	-	109,252
Vehicle Insurance	30,620	
Membership Dues (Subscription)	10,668	3,180
Legal Dues and Compensation	3,030	7,125
<b>Total</b>	<b><u>1,048,599</u></b>	<b><u>1,269,639</u></b>



**11 6. Property, Plant and Equipment (Physical Assets or Fixed Assets)**

Property and equipment principally comprises vehicles, furniture, computers, office equipment, and any other capital assets controlled by the GAC. However, the GAC has a memorandum record maintained in the Fixed Asset Register at historical cost for all non-current assets of the entity.

**12 7. Cash at the End of the Fiscal Period**

Cash and Cash Equivalent at the end of the year was US\$438,548. This amount comprises cash available in banks and cash held in staff advances.

The total cash available at the end of this reporting period is restricted to spending. The reason is that the reported amount has been committed to outstanding liabilities, ongoing contracts, ongoing audits, outstanding POs, 2% tax withheld from vendors, and Unpaid Wages to be remitted to GOL's revenue account.

	<b>FY 14/15</b>	<b>FY 13/14</b>
	<b>US\$</b>	<b>US\$</b>
Cash Available in Banks	436,250	259
Cash Held in Salary Advances	2,298	12,957
<b>Total</b>	<b>438,548</b>	<b>13,216</b>

**13 8. Statement of Comparison of Budget and Actual Amounts**

The net cash inflow of US\$429,602.00 indicates an excess of cash on hand and not expended due to the Ebola epidemic. Audits were rescheduled and most contracts were pending. This fund was committed to continue audits and settle other obligations.

The 74% variance in Grants was due to similar situation mentioned above. The IPFMRP couldn't execute all the budgeted programs due to the Ebola crisis which had some adverse impact on the economy.

The GAC disbursed US\$4,904,319 in salaries during the Fiscal Period 2014/2015. The variance of US\$229,479 between budgeted and disbursement amounts was as a result of June 2014 (FY 13/14) salaries paid in July of FY 14/15

**14 9. Liabilities**

At the close of the Fiscal Year, the GAC's total liability position was US\$1,850,150.61. Of this amount, US\$1,712,278.00 represented the Commission's accrued Employer's Contribution (4.75%) to the National Social Security and Welfare Corporation (NASSCORP), while US\$137,872.33 represented liabilities to vendors for goods and services provided.