



Promoting Accountability of Public Resources

ANNUAL REPORT OF THE AUDITOR GENERAL

FOR THE YEAR ENDED
DECEMBER 31, 2017



PERFORMANCE REPORT

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



Promoting Accountability of Public Resources

Office of the Auditor General of the Republic of Liberia

Honorable Speaker
Members of the Legislature

Dear Mr. Speaker,

In accordance with Part II Section 2.1.9 of the GAC Act of 2014, I am pleased to submit to you the 2017 Annual Report of the Office of the Auditor General (OAG).

Sincerely,


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

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List of Acronyms

ACCA	Association of Chartered Certified Accountants
AfDB	African Development Bank
AFROSAI	African Organization of Supreme Audit Institutions
AFROSAI-E	African Organization of English-speaking Supreme Audit Institutions
AG	Auditor General
BOA	Bureau of Audit
CAT	Certified Accounting Technician
CBS	Capacity Building Strategy
CGMA	Chartered Global Management Accountant
CISA	Certified Information Systems Auditor
CMA	Certified Management Accountant
CPA	Certified Public Accountant
DAG	Deputy Auditor General
EDF	European Development Fund
EU	European Union
GAC	General Auditing Commission
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GOL	Government of Liberia
HR	Human Resources
ICBF	Institutional Capacity Building Framework
IDI	INTOSAI Development Initiative
IFF	Illicit Fund Flow
IFMIS	Integrated Financial Management Information System
INTOSAI	International Organization of Supreme Audit Institutions
IPFMRP	Integrated Public Financial Management Reform Project
ISSAI	International Standards of Supreme Audit Institutions
JICA	Japan International Cooperation Agency
MIC	Management Internal Control
OAG	Office of the Auditor General
PAC	Public Accounts, Expenditures and Audit Committee
PE	Program Estimate
PFM	Public Financial Management
PHR	Professional in Human Resources
PMS	Performance Management System
PPCC	Public Procurement and Concessions Commission
QA	Quality Assurance
SIDA	Swedish International Development Cooperation Agency
SNAO	Swedish National Audit Office
SP	Strategic Plan
UNDESA	United Nations Department of Economic and Social Affairs
USA	United States of America

General Auditing Commission

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

Acknowledgement

On behalf of the Management Team of the General Auditing Commission (GAC), I am pleased to extend my complements and heartfelt thanks to Her Excellency Madam Ellen Johnson Sirleaf, President of the Republic of Liberia, for her support to the GAC during her tenure and especially during the year 2017. Her unflinching support went a long way in enabling us achieve many of the targets which the Commission set for this calendar year.

The Liberian citizenry, which is our most important stakeholder, diligently supported us during the past year through their individual and collective support via social media, their elected officials, civil society organizations and other stakeholders. By so doing, they created an enabling environment which allowed us to discharge our constitutional Mandate as outlined in the GAC Act, 2014. We remain grateful and pledge our commitment to remain steadfast in our responsibility to make a difference in their lives.

I also wish to extend my thanks and appreciation to the Honorable Speaker and members of the National Legislature and the Joint Chairmen of the Public Accounts, Expenditure and Audit Committees (PAC) of the National Legislature for their continued support to the GAC. The PAC's deliberation of the contents of various audit reports that were tabled before them during the year 2017 gave us the additional impetus we needed to work even harder.

The support of the donor community and development partners cannot be overemphasized as without their efforts aimed at supplementing the Government of Liberia's agenda for promoting transparency and accountability in the Management of public resources, we would not have achieved much during the year 2017. The European Union (EU) extended its significant support to the GAC when in October 2017, a multi-annual program estimate (PE) was endorsed by the EU Delegation in Liberia which will finance the implementation of the GAC's three-year Capacity Building Strategy; the PE will also provide funds for the enhancement of the GAC's institutional and legal and organizational structures, and ensure that the Commission strengthens its relationship with its various stakeholders.

Other partners that provided support to the GAC were the World Bank Multi-donor Pool Fund which is administered by the Integrated Public Financial Management Reform Project (IPFMRP), the International Organization of Supreme Audit Institutions Development Initiative (IDI), the Swedish National Audit Office (SNAO), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, the Japan International Cooperation Agency (JICA) and other donors and development partners. These organizations financed capacity development programs/trainings and provided other forms of support in an effort to improve the Commission's efficiency in its service delivery and its contribution to building a modern Liberian society. I want to again, on behalf of the GOL, extend our gratitude.

The International Organization of Supreme Audit Institutions (INTOSAI) and its regional extensions including the African Organization of Supreme Audit Institutions (AFROSAI) and its sub-body for English Speaking Countries (AFROSAI-E) played a significant role in supporting our operations during the past year. These organizations contributed to the enhancement of capacity at the GAC, and at the same time ensured that the Commission remained up-to-date with current development in the auditing profession.

I also thank all of our auditees as they have strived to work cooperatively with my office during the conduct of audits at their individual organizations and programs/projects. They did a commendable job in helping the GAC reach its audit target and achieving its Mandate. It is my hope that such cooperation remains in place, and is further improved, as we all strive to build a modern and better Liberia that will benefit us and the world at large.

Finally, I wish to express sincere gratitude to my hardworking Deputy Auditors General (DAG), Honorable Winsley S. Nanka and Honorable Foday G. Kiazolu, and the GAC Administrative Department, supervised by Mr. John L. Greaves II, for their support and hard work during the year ended. Also, the backing of the GAC general staff body cannot be overlooked because their individual and collective support and commitment in the discharge of their duties went a long way in ensuring the work of the Commission was conducted in an efficient and effective manner. I urge them all to maintain and improve the team spirit and hard work which was demonstrated in all their endeavors as this will further enhance the GAC's service delivery to its highly esteemed stakeholders.

Foreword by the Auditor General (AG)

Honorable Members of the Legislature:

It is my pleasure to submit to you the Annual Report of the Office of the Auditor General (OAG) for the calendar year ended December 31, 2017, in accordance with my Mandate as stipulated under Section 2.1.9 of the GAC Act, 2014.

During the year under review, the GAC supported the efforts of the National Legislature aimed at ensuring that there is accountability and transparency in the manner in which public resources are expended. To this end, 36 audit reports were tabled with the PAC and then subsequently published on our website (www.gac.gov.lr). These reports covered a number of entities/programs across Government ranging from line ministries to agencies, projects and the major state-owned enterprises. By increasing the number and size of institutions and consequently the total budget audited, the Management of GAC sought to enhance its audit coverage of our Nation's resources and increase the impact of its audit recommendations.

We also continued to implement measures that will help us achieve the strategic goals outlined in the GAC's Strategic Plan 2016-2020. This entailed more careful and realistic planning of anticipated audits for the fiscal year 2017/18, and timely completion and submission of these audit reports so as to enhance their usefulness. Considering the importance of strategic capacity building to reaching these goals, the GAC, with support from its development partners, ensured that its staff attended a number of local and international trainings so as to provide them the skills necessary to carry out their responsibilities; funding was also secured through the EU to provide professional certification for staff in the GAC's Audit Services and Administration Departments. Additionally, the Management of GAC considered short term solutions to increasing the number of qualified staff in its employ by hiring more certified staff that were capable of making an immediate positive impact on the Commission's work. By so doing, we were able to increase our audit scope and further enhance the quality of our reports.

The GAC, as the public sector auditors of the Republic of Liberia, has to be accountable if it must hold others to account. Hence, we have strived to lead by example by remaining up to date when it comes to being externally audited. As you will remember, in 2016, the GAC was audited for six financial years ending June 2015, and the Management Team is currently making efforts to bring the Commission up to date on its audits. This is however contingent on funding being made available for this purpose. To this end, we have included the cost of our audit in the GAC draft budget for the last two years, but the necessary budgetary support was not appropriated due to Government's financial challenge. Notwithstanding, Management has ensured that the Commission is periodically peer-reviewed by AFROSAI-E as part of this umbrella Organization's conditions for remaining in good standing. We also annually complete the AFROSAI-E self-assessment exercise which is intended to be completed by all African English-speaking Supreme Audit Institutions (SAIs). The results of this exercise are validated during the aforementioned peer-review.

In fulfillment of its Mandate outlined under 2.2.8 (g) of the GAC Act of 2014, the GAC, and hence the Government of Liberia, actively interacted with and remained in good standing with relevant global bodies including INTOSAI, IDI, the World Bank, African Development Bank (AfDB) and other global and regional bodies and committees.

As we move into 2018, the Management Team of the GAC looks forward to adding more value to the way we conduct our audits. To this end, we have begun discussions with the SNAO to establish a fully operational Quality Assurance (QA) function within the GAC. This function is currently being carried out by a small team of expert auditors who have acquired the necessary

education and technical work experience in public sector audit for the over the past years. Also, we look forward to relaunching our mandatory professionalization for all staff within the GAC and carrying out other structured trainings for staff within the Commission.

Finally, we look forward to another rewarding year of collaboration with the Liberian National Legislature as we jointly strive to promote accountability, transparency and good governance across the Government of Liberia.

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 requires the GAC to henceforth report to the Legislature instead. 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

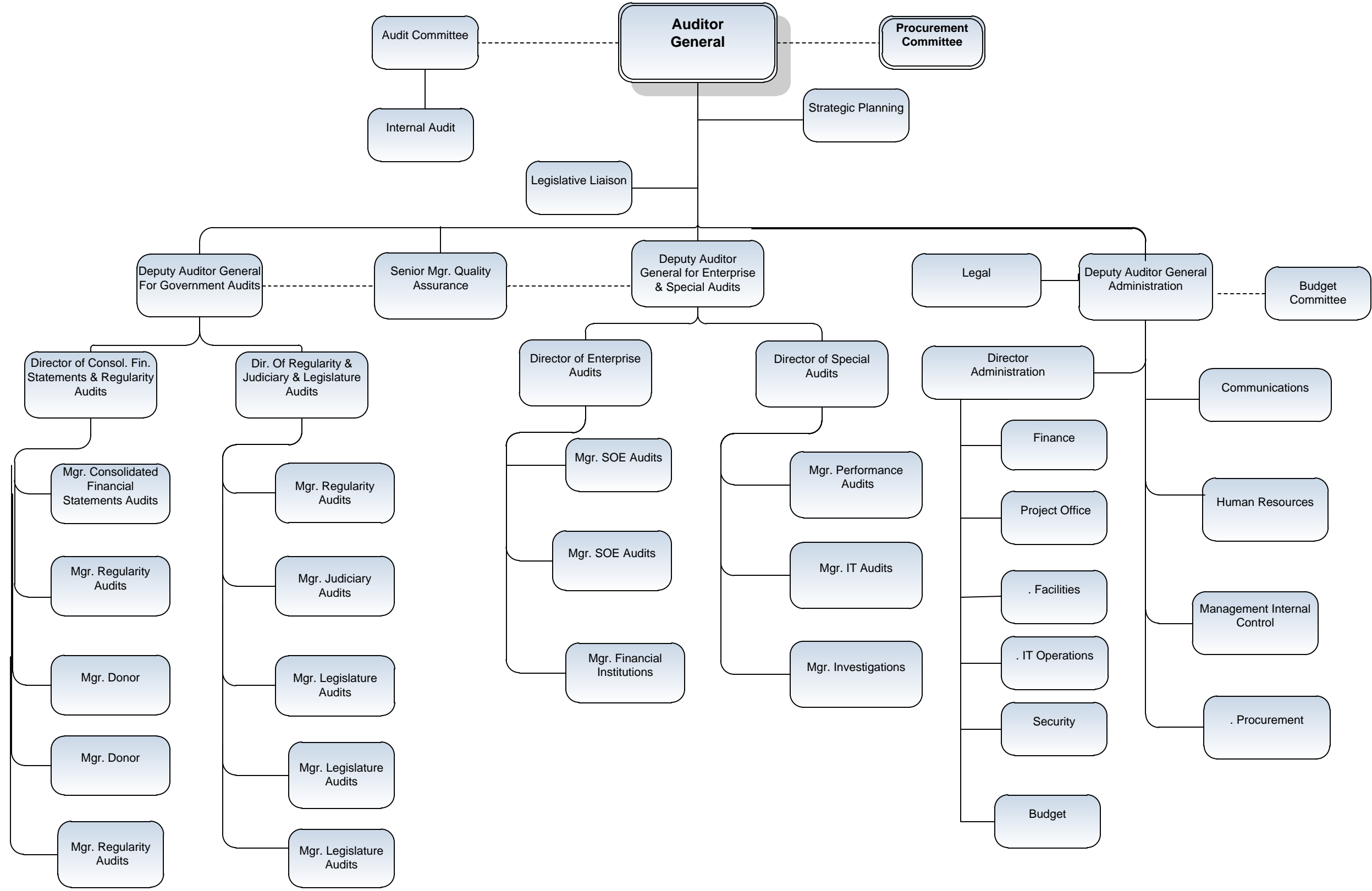
1.1.2 Current Structure of the GAC

The GAC's current organizational structure provides for an AG who heads the Commission and is assisted by at most three deputies. Of the three, two are responsible for Audit Services, while the other DAG handles the Administrative function of the Institution. The two DAGs for Audit Services supervise directors who are responsible for various kinds of audits, while the Deputy for Administration is responsible for the Administrative arm of the GAC.

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

ORGANIZATION CHART

Revised 10/1/2016



1.1.3 GAC's 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:
 - i) The Auditor General shall carry out the annual audit of the Government Consolidated Financial Statements; and
 - ii) 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.

1.1.4 Strategic Planning Implementation and Performance Outcomes

Overview of Achievement of Strategic Plan 2016-2020

The GAC's overall mission is to support the Legislature's oversight in holding government to account, thereby contributing to improvement in public service. The GAC Strategic Plan 2016-2020, which was launched in June 2016, targets the achievement of three strategic goals that are supported by defined outcomes and a range of planned capacity activities. The goals and a summary of actions taken to achieve them in 2017 are detailed below:

SG 1: Greater Impact of GAC's Audit Recommendations: This goal looks at how the GAC makes use of its statutory audit reporting responsibilities to bring about positive changes in the public sector. This requires carefully planning our work to meet the needs of the Legislature as it addresses the strategically important issues facing Government.

In order to meet the operational targets of this strategic goal during the period under review, the Management of GAC, taking into consideration the meager resources available, used its annual risk matrix as a basis to select, plan for and execute a number of key audits, with the corresponding reports already been tabled with the National Legislature. The risk matrix focused on increasing the Commission's audit coverage by considering other entities which had not been previously audited or needed to be audited for more fiscal years so as to make them current. Included in this list were the major state-owned enterprises such as the Roberts International Airport (RIA), the Liberia Maritime Authority (LMA) and the Liberia Petroleum Refinery Company (LPRC), to name a few. Also, Management resolved to make provision in its audit reports to track recommendations that had been made in previous audit reports, highlighting the level of implementation that had been made as of the dates the new reports were issued. The Management of GAC also provided expert opinion during PAC public hearings on request by the Committee.

SG 2: Increased Trust in the GAC as a Credible Organization: The GAC made efforts to conduct its financial affairs and overall governance process in a credible and transparent manner in line with the Public Financial Management (PFM) and the Public Procurement and Concessions Commission (PPCC) Acts and their respective regulations. We also adhered to international best practices such as the International Standards of Supreme Audit Institutions (ISSAIs) during the execution of our audits, interaction with stakeholders and the conduct of our operations.

Consistent with the above, the Management of GAC has ensured that the Commission is audited by independent external auditors appointed by the PAC of the National Legislature and is also periodically peer reviewed by AFROSAI-E. During the period under review, the GAC completed its annual AFROSAI-E self-assessment, the result of which will be discussed and published during AFROSAI-E's Governance Board Meeting which is scheduled for May 2018 in Kigali, Rwanda.

The AG has also emphasized the need for an effective corporate governance structure which includes an efficient and effective internal control structure. Hence, during the period under review, Management hired two professionals to replace outgoing heads in its Internal Control and Internal Audit functions. The objective of putting into place these measures was to improve the overall governance and financial management process of the GAC so as to enhance its efforts aimed at serving as a model organization which leads by example (ISSAI 12, Principle 10) when it comes to financial management in the public sector. This, it was hoped, would better equip the GAC to be able to add value to other governmental institutions, thereby making a difference in the lives of citizens.

SG 3: High Performing GAC: The achievement of this goal in the short and long term requires conducting more audits of high quality using the same available resources. Put another way, it requires that the GAC demonstrates more efficiency, effectiveness and economy when it comes to carrying out its Mandate in view of the available resources. In order to achieve this strategic goal, it is important that a

number of variables be put into place. During the calendar year ended 2017, the following actions were planned for and executed:

Staff Capacities Enhanced – to this end, the GAC ensured that its staff underwent training activities to enhance their capacity and give them the tools required to execute their duties. For example, several staff attended specialized trainings in audit and other specialized functions at the AFROSAI-E Secretariat, while others participated in IDI-sponsored external training programs that were designed to add value to the audit process in developing SAIs. Experts from AFROSAI-E were also deployed at the GAC as part of short term arrangements to work alongside and train GAC staff. The GAC also made progress with the implementation of its three-year Capacity Building Strategy (CBS) which seeks to professionally certify staff in its Audit and Administrative departments in disciplines such as the Association of Chartered Certified Accountants (ACCA), the Certified Information Systems Auditor (CISA), the Professional in Human Resources (PHR) and numerous other certification programs.

Human capacity was also built through staff exchange programs via the implementation of Memoranda of Understanding (MOU) with peer SAIs in the AFROSAI-E region. By seconding experts from SAIs who are developed in certain technical areas, GAC personnel were able to acquire valuable on-the-job skills while executing a variety of job-related tasks. The GAC also conducted in-house trainings for staff so as to maintain the compliance of its audits to the ISSAIs.

Strategic Recruitment of Competent Staff and Conduct of Joint Audits – the GAC recruited qualified/certified staff to add to its existing expertise as it made efforts to fill out key middle management positions. These skilled individuals brought in invaluable expertise from their former areas of work and have added tremendous value to the GAC when it comes to mentoring staff and increasing the output and quality of audits reports. Moreover, consistent with Section 2.1.10 of the GAC Act of 2014, the GAC collaborated with the multinational accounting and assurance services firm PricewaterhouseCoopers (PwC) to conduct two major audits. The aim of these collaborations is to enable the GAC conduct more audits in a timely manner, and also to provide a medium by which its staff can share ideas by tapping into the expertise of these institutions.

More Realistic Audit Planning – Considering the limited amount of resources available to the GAC and taking valuable insights from its external audit conducted by the OAG Kenya, the GAC has moved toward a more realistic approach to audit planning. This means that although all public funds need to be audited, the GAC can use its audit risk matrix to select those audits that will serve the purpose of the widest range of stakeholders and then conduct and report on these audits in an efficient and timely manner.

1.1.5 Evaluation/Review of Capacities Needed to Achieve the GAC Strategic Goals

In order to achieve the goals aforementioned, there are certain capacities which have been identified to be cardinal. These capacities are listed below with a brief narrative of what was done by Management to build/achieve them during the year under review:

- a. **Good Infrastructure and Working Environment** – During the calendar year ended, the GAC completed a program estimate (PE) under the 11th European Development Fund (EDF) to support its operation. This PE makes provision for Information and Communication Technology (ICT) upgrade to the GAC. Plans are also underway for other forms of infrastructural support to the GAC.
- b. **Performance Management System (PMS)** – The GAC secured funding from the African Development Bank (AfDB) for the procurement and deployment of a PMS. The system, which is strongly tied to Strategic Goal 3, will be implemented in 2018 as part of Management's effort aimed at measuring and enhancing the performance of its personnel.
- c. **Enhanced Learning and Professional Staff Development Function** – To facilitate a competent and efficient staff development function, the GAC hired a Training Coordinator who is tasked with organizing, monitoring and evaluating this important aspect of the GAC HR function. The Coordinator has ensured the streamlining of training activities and is putting into place measures that will enhance the long term viability of capacity building activities within the GAC. He will also source, recommend to Management, manage, keep detailed record of, and report on the effectiveness of other training interventions to supplement the GAC CBS. Part of his responsibility will entail working along with development partners to design an introductory training program for newly hired staff.
- d. **Enhanced Performance, Financial and Compliance Audit Functions** – A robust audit function is fundamental to the GAC achieving its legal Mandate and thereby meeting the needs of its stakeholders. To enhance the development of this capacity, the GAC has made provision in the aforementioned 11th EDF PE to hire experts under a contract with AFROSAI-E, who will provide additional trainings for staff in these audit areas. Additionally, GAC staff have attended trainings provided/facilitated by various international partners so as to continuously enhance their skills to remain on par with the ever developing and evolving audit profession.
- e. **Establish a Quality Assurance (QA) Function** – A quality assurance function is extremely important when it comes to ensuring that audits conducted meet appropriate acceptable international standards and relevant laws and regulations. In order to implement such a system, the GAC began arrangement with the SNAO during late 2017 to have a fully operational QA function established. The QA Unit is expected to be fully operational by the second half of 2018.

- f. **Enhanced Communication Function** – A robust communication function enhances interaction between a SAI and its stakeholders. Without such an effective mechanism being in place, the effect of the work the SAI performs could go unnoticed by the citizens and other internal and external stakeholders who need the information so that they are able to hold their government to account.

For this purpose, arrangements are in place to have a communication expert mobilized through AFROSAI-E from funding provided by the EU support. This will enhance communication between the GAC and its stakeholders and help the Commission improve its standing under the AFROSAI-E Institutional Capacity Building Framework (ICBF). The ICBF is a five-domain and five-level self-assessment system which is used to measure the level a progress a SAI has made when it comes to Independence and Legal Framework, Organization and Management, Human Resources, Audit Standards and Methodology and Communication and Stakeholders Management.

- g. **Enhanced Human Resources (HR) Function** – the GAC recognizes that HR is the hub of a SAI and so specific emphasis has been placed on further developing this function to meet the standards of a modern SAI. To this end, arrangements began in 2017 to have a short term expert mobilized under the EU fund to provide additional insight into how more value can be added to the existing work of the GAC HR Unit.

1.1.6 GAC Annual Performance Analysis and Outcomes

The GAC's annual performance as well as the expected outcomes of the SP are evaluated and analyzed by assessing various criteria relative to the implementation of its strategy, the achievement of the Commission's strategic goals (result), and the fulfilment of various programs. Changes in these criteria are continuously monitored.

Below is a summary of achievements made with reference to the three strategic goals as at the end of December 2017. The specific details are provided in a document which covers the monitoring and evaluation of the SP.

Table A: Achievements

Strategic Goal	Achievements
<p>SG 1: Greater Impact of GAC's Audit Recommendations</p>	<ul style="list-style-type: none"> ✓ The GAC increased its audit coverage so that more institutions of government, especially the state-owned enterprises, were audited. ✓ Greater emphasis was placed on audits being ISSAI compliant. To this effect, arrangements were initiated with SNAO for the establishment of an independent QA function. ✓ Schedules were finalized and included in each report which detailed recommendations from previous audits which needed to be implemented. ✓ Additional plans put into place regarding how auditees can actually be motivated to implement recommendations, with consideration being made to develop a report of all outstanding recommendations and have them sent to the PAC to facilitate its informed action.

Strategic Goal	Achievements
<p>SG 2 : Increased trust in the GAC as a credible organization</p>	<p>As a result of GAC strive for accountability (producing audited annual financial statements and being peer-reviewed amongst other actions), the following were achieved during Operational Period 2017:</p> <ul style="list-style-type: none"> ✓ World Bank's Aide Memoire rates GAC's performance as satisfactory (with reference to its overall processes and the execution of indicators the Commission was responsible for) ✓ USAID expressed satisfaction with GAC's work and has requested that an existing MOU with the GAC which provided that the GAC audits its sponsored projects be reawakened ✓ Increase in the number of certified staff in 2017 ✓ IDI, recognizing the efforts that the GAC has made over the years as well as the current Management Team's strive for excellence, made provisions for the GAC in more of its capacity building programs held in 2017 ✓ Revamping of the GAC's Internal Audit and Internal Control (Compliance) Functions ✓ GAC being made a member of INTOSAI Capacity Building Sub-committee for Fragile States
<p>SG 3: High Performing GAC</p>	<ul style="list-style-type: none"> ✓ 36 strategic audits on the overall were completed in 2017 which covered ministries, agencies, commissions and projects. Reports were tabled with the PAC of the National Legislature ✓ Auditees becoming more inclined to being audited due to the level of communication/education being put in place by the GAC and the manner in which the audits have been executed during recent years ✓ Joint audits conducted with PwC have contributed to the increase in audit coverage and enhanced the skills of GAC personnel.

1.1.7 Our Operational Focus For 2018

We expect 2018 to be another fulfilling year, so we have identified a number of key areas in which we will focus our efforts. Specifically, we aim to:

- Deliver a range of timely and relevant audits that provide opportunities for improvement in administration and utilization of public resources across the Government of Liberia.
- Build our relationship with the new Legislature, particularly the PACs, to explain the work the GAC does and our contribution to improving public accountability and administration.
- Work with PACs, auditees, and other stakeholders such as the media, academic institutions and civil society groups to enhance awareness of our role in national development.
- Place more emphasis on developing better collaboration with other agencies.

- Pursue initiatives to strengthen the continuing human capacity development of the Commission with emphasis on improving staff attraction and retention strategies. This will also include a more structured training and professional development regime with a focus on enhancing leadership skills.
- Continue to contribute to the auditing profession and global financial and accountability efforts in general, by maintaining our involvement in national and international auditing bodies.

1.1.8 Audit of the GAC's Accounts

In 2016, the GAC was audited by the Office of the Auditor General (OAG), Kenya for six fiscal years from 2009/10 to 2014/15. To ensure that the Commission remained up to date on its audit, the PAC of the 53rd National Legislature again appointed the OAG, Kenya to conduct the follow-up 2016 audit. However, the audit was not conducted due to the extensive engagement of the Kenyan auditors during the buildup to and holding of their Country's national elections; the lack of funds to finance the audit was also a contributing factor for this delay.

Notwithstanding this setback, the AG has continuously followed up with her Kenyan counterpart and plans are underway to have the engagement, which should now also include the 2017 fiscal year, conducted sometime in 2018. This will be done when the time is convenient for the auditors and budgetary provision has been made accordingly.

1.2 Audit Services

1.2.1 Audit Engagements

The AG commissioned 53 audits during 2017 and rolled over 16 audits from the prior year. Of this number, 36 audit reports were completed and issued as at December 31, 2017.

All 36 completed audit reports have been submitted to the Legislature or donors that requested these audits. Below is a detailed list of all audit reports issued during the calendar year 2017:

Table B: List of Audits Completed During the Year 2017

No	Entity	Audit Period	Status	Date Issued
1	Montserrado County Administration Funds	1 July 2013- 30 June 2015	Issued	January 12,2017
2	The Liberia Revenue Authority (LRA) Restated Financial Statements	1 July 2013- 30 June 2015	Issued	February 6, 2017
3	The Grand Bassa County Administration Scrap Funds	June 2014 - July 30, 2016	Issued	February 6, 2017
4	Liberia Maritime Authority (LMA) Financial Statements	1 July 2013 - 30 June 2015	Issued	February 23, 2017

No	Entity	Audit Period	Status	Date Issued
5	Government of Liberia Consolidated Fund Financial Statements	30 June 2014 – 30 June 2015	Issued	February 23, 2017
6	Ministry of Education (MOE) Free & Compulsory Primary Education Program	1 July 2010 – 30 June 2014	Issued	March 21, 2017
7	Grand Cape Mount County Administration Funds	1 July 2013 – 30 June 2015	Issued	March 28, 2017
8	Procurement Audit of the Liberia Electricity Corporation (LEC)	30 June 2011 – 30 June 2015	Issued	April 24, 2017
9	National Oil Company of Liberia (NOCAL) Restated Financial Statements	1 July 2011 – 30 June 2015	Issued	August 11, 2017
10	Liberia Institute of Public Administration (LIPA)	1 July 2012 – 30 June 2016	Issued	August 11, 2017
11	Liberia Institute for Biomedical Research (LIBR)	1 July 2012 – 30 June 2015	Issued	August 11, 2017
12	Grand Kru County Administration Funds	1 July 2012 – 30 June 2015	Issued	August 11, 2017
13	Government of Liberia Restated Consolidated Fund Financial Statements	1 July 2015 – 30 June 2016	Issued	December 19, 2017
14	Agricultural Sector Rehabilitation Project (ASRP) Ministry of Agricultural IFAD GRANT #DSF 8047 – LR	1 July 2016 – 30 June 2017	Issued	December 30, 2017
15	Smallholder Tree Crop Revitalization Support Project (ASRP) Ministry of Agricultural IFAD LOAN # I- 852-LR	1 July 2016 – 30 June 2017	Issued	December 20, 2017
16	Liberia Accelerated Electricity Expansion Project (LACEEP)	1 July 2016 – 30 June 2017	Issued	December 30, 2017
17	Closeout Audit of the Integrated Public Financial Management Reform Project (IPFMRP) Ministry of Finance and Development	1 July 2016 – 30 June 2017	Issued	December 30, 2017
18	Public Sector Modernization Project (PSMP) Financial Statements - Civil Service Agency	1 July 2016 – 30 June 2017	Issued	December 30, 2017
19	Health System Strengthening Project (HSSP) Financial Statements - Ministry of Health	1 July 2016 – 30 June 2017	Issued	December 30, 2017
20	Ebola Emergency Response Project (EERP) Financial Statement – Ministry of Health	1 July 2016 – 30 June 2017	Issued	December 30, 2017
21	Global Financing Facility (GFF) preparation grant Financial Statement – Ministry of Health	1 July 2016 – 30 June 2017	Issued	December 30, 2017
22	Grand Bassa Community College (GBCC)	1 July 2012 – 30 June 2015	Issued	December 30, 2017

No	Entity	Audit Period	Status	Date Issued
23	Lofa County Community College (LCCC)	1 July 2012 – 30 June 2015	Issued	December 30, 2017
24	Liberia Institute for Biomedical Research (LIBR)	1 July 2015 – 30 June 2016	Issued	December 30, 2017
25	National Commission on Higher Education (NCHE)	1 July 2012 – 30 June 2016	Issued	December 30, 2017
26	National Investment Commission (NIC)	1 July 2013 – 30 June 2016	Issued	December 30, 2017
27	Paynesville City Corporation (PCC)	1 July 2012 – 30 June 2016	Issued	December 30, 2017
28	National Disaster Relief Commission (NDRC)	1 January 2010 – December 2016	Issued	December 30, 2017
29	Environmental Protection Agency (EPA)	1 July 2012 – 30 June 2016	Issued	December 30, 2017
30	Kakata Rural Teachers Training Institute (KRTTI)	1 July 2012 – 30 June 2013	Issued	December 30, 2017
31	Liberia Refugee Repatriation and Resettlement Commission (LRRRC)	1 July 2012 – 30 June 2016	Issued	December 30, 2017
32	Montserrado County Administration	1 July 2015 – 30 June 2016	Issued	December 30, 2017
34	Monrovia Consolidated School System (MCSS)	1 July 2012 – 30 June 2013	Issued	December 30, 2017
35	John F. Kennedy (JFK) Medical Center	1 July 2013 – 30 June 2015	Issued	December 30, 2017
36	Integrated Financial Management Information System (IFMIS) Information Technology Audit	1 July 2010 – 30 June 2017	Issued	December 30, 2017

Table C: List of Commissioned Audits by Category

Description	No.
Regularity Audits	40
Project Audits	9
Performance Audits	3
IT Audits	1
Total	53

1.2.2 Budgetary Support

In accordance with Part 3 Sections 3.4 of the GAC Act of 2014, the General Auditing Commission shall be funded by Government of Liberia through budgetary appropriations made by the Legislature. The GAC funding is illustrated in the table below:

Table: General Auditing Commission Budget FY 2016/2017 – FY 2017/2018

Institution	Fiscal Year	
	2016/2017 (US\$)	2017/2018 (US\$)
Government of Liberia	5,768,142	5,854,664
External Support	263,092	885,482
Total Funding	6,031,234	6,740,146

1.2.3 Challenges Hampering Audit Execution:

The GAC faced the following challenges which impeded the implementation of its Strategic Plan and the execution of audit engagements:

- 1) Although some funding was made available for ICT support during the latter part of the year, the GAC still faced some challenges when it came to adequate physical infrastructure (working environment). Also, there is still a need for additional ICT infrastructure such as laptops, desktop computers and printers.
- 2) Continuous reduction in budgetary appropriation from Government and limited/restricted support from donor partners which has resulted to the GAC limiting its ability to expand audit coverage to the desired extent.
- 3) Despite the recruitment of some capable/certified staff in Audit Services and the launching of the GAC Capacity Building Strategy, there is still an ongoing need for more qualified staff as the GAC strives to continuously enhance the scope and quality of its work.
- 4) Staff retention has been an ongoing problem as qualified personnel sometimes seek better paying jobs in the private sector.
- 5) There is an ongoing learning curve as auditees become more versed with the importance of timely submission of documentation, response to audit queries, implementation of recommendations and the use of appropriate financial reporting standards.
- 6) Lack of funding to finance the cost of implementing automated software (such as Team Mate) for audit management and documentation.

1.2.4 Audit Quality Control /Assurance and Plans to Enhance Reporting During Upcoming Year

Quality assurance activities are carried out by a special team which undertakes these reviews to ensure that audits are compliant with the relevant auditing standards and government laws and regulations. As previously explained, a fully functional and staffed QA Unit will be set up during the year 2018.

Also, in the coming year, the GAC plans to provide refresher training for all staff responsible for Financial, Compliance and Performance audits, with financing already been provided for these under the 11th EDF support to the GAC. This will help to further enhance the quality of audit reports produced by the GAC. Moreover, now that the old AFROSAI-E Regularity Manual has been split into separate Financial and Compliance audit manuals, we are securing funding to have a small team of staff attend the required Training of Trainers (TOT) workshop so as to give the GAC the resource required to customize these manuals to our local environment.

In an effort to support the Accountancy profession in Liberia and at the same time create greater awareness of our work in ensuring transparency in government operations, we intend to facilitate outreach and sensitization workshops for members of the PACs, the media, our auditees, the civil society community and other relevant stakeholders. We also wish to foster better collaboration between the GAC and other integrity institutions.

1.3 Administration

The Department of Administration is divided into the following Units: Human Resources (HR), Finance and Accounting, Strategic and Operational Planning, Procurement and Asset, Facility and Fleet Management (AFFM). Other units include Management Internal Control (MIC), Corporate Information and Communication Technology (ICT), Communications, Facility Security, Budget, Project Office, Protocol, Internal Audit, Legal Services and Print and Publication. This Department serves as the support arm for audit operations.

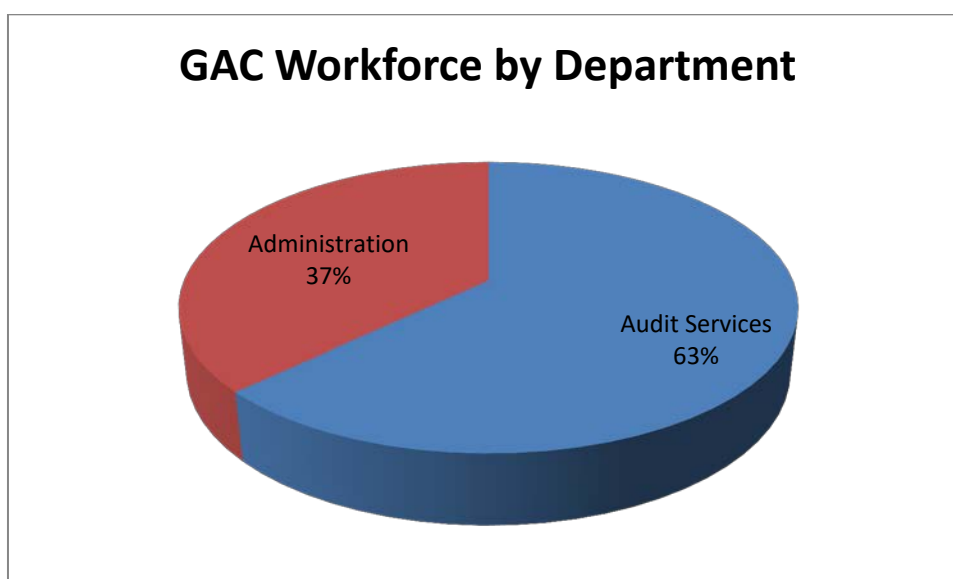
1.3.1 Human Resources and Manpower Development

Overview

At the end of 2017, the Commission had a total number of 353 employees. Twenty five (25) of these employees were recruited during the year under review. Employees who made successful passes in the professional certification programs were recognized by Management for their achievements. The HR Unit also recognized employees who were most punctual to work and those who celebrated their birthdays, in an effort to motivate staff and improve their performance. The Staff Group Medical and Life Insurance Policy was renewed with additional medical facilities. As part of its outreach program, the HR Unit attended employees' weddings and also visited those who fell sick.

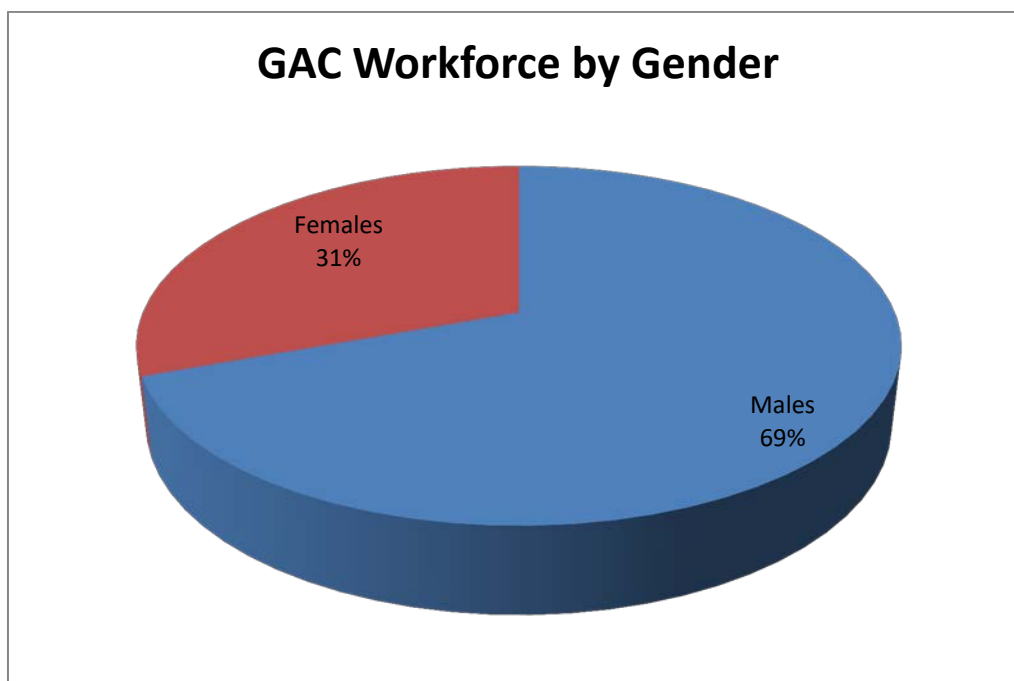
Composition of Staff by Functions:

Out of the total of 353 employees, 222 were in Audit Services, which represents 62.8% of staff, while 131 were in Administration (37.2% of the total staff).



1.3.2 Composition of Staff by Gender:

Out of the total 353 employees, 245 were males, representing 69%, while the remaining 108 were females, which represent 31%.



1.3.3 Details of Staff Turnover:

The following turnover occurred during the year:

- Resignations 14
- Retirements 2
- Deaths 3
- Dismissals 3
- Total 22**

1.3.4 Trainings and Manpower Development

In an effort for the Commission to build the capacities of its workforce, staff attended several local and international capacity-building trainings/workshop during the year.

In addition to hosting workshops, the GAC received financing for its CBS via support from the EU, with implementation of the Strategy now underway. During the latter part of the year, Management began enrolling the second batch of staff into the various professional certification programs as a pilot program had already been launched through support from the IPFMRP. Under this pilot arrangement, one (1) staff qualified as a Certified Management Accountant (CMA), while two (2) obtained the Certified Information System Auditor (CISA) credential. Also, five (5) auditors obtained Introductory Certificates in Financial and Management Accounting as part of their ongoing training in the Certified Accounting Technician (CAT) Program.



Figure 2: Management Team and Development Partners.

Below is the detail of training activities at the GAC during the period under review:

Table D: Professional Certifications in 2017

Description	Status	Number of Persons
Certified Information System Auditor (CISA)	Program Completed and Staff Certified	2
Certified Management Accountant (CMA)	Program Completed and Staff Certified	1
Certified Accountant Technician (CAT)	Introductory Certificate in Financial and Management Accounting	5

Table E: List of Training and Capacity-building Activities

No.	Description	Venue	Local/Foreign	Number of GAC Staff who Participated
1	Reinforcing Global Fight Against Fraud (ACFEs)	Liberia Chamber of Commerce (Chapter 198)	Local	33
2	ACCA Tuition	GAC Conference Room	Local	11
3	CAT Tuition	GAC Conference Room	Local	5
4	EDF(Procurement Procedures)	Office of the National Authorizing Officer (NAO)	Local	13
5	AMT/CFT Training Workshop	Financial Intelligent Unit (FIU) Training Ground	Local	4
6	Performance/HR Issues Workshop	Monrovia City Hall	Local	2
7	Workshop on Good Work Habits and Absence Tracking	GAC Conference Room	Local	68
8	IDI Stakeholders Development Workshop	Kigali, Rwanda	Foreign	2
9	Performance Audit Workshop, Phase 3	Pretoria, South Africa	Foreign	2
10	IDI Young Leaders	Oslo, Norway	Foreign	1

No.	Description	Venue	Local/Foreign	Number of GAC Staff who Participated
	Workshop			
11	AFROSAI-E IT Audit Champions Programme	Pretoria, South Africa	Foreign	2
12	Audit on Public Construction Works Workshop (Sponsored by JICA)	Tokyo, Japan	Foreign	2



Figure 3: GAC staff in one of the Training Sessions



Figure 4: GAC Staff in one of the Training Sessions

1.3.5 Affiliation with Professional Organizations

The GAC collaborated with personnel from other SAIs so as to promote knowledge sharing, and in other cases, benefit from core competencies which these institutions have so as to execute various assignments in a cost-effective manner.

As a member of INTOSAI, the GAC also interacted extensively with its African umbrella body AFROSAI as well as the Organization's English-speaking arm, AFROSAI-E. There was also extensive interaction with IDI, mostly in the area of capacity building.

As part of interaction with the aforementioned and other relevant international bodies, in 2017, personnel from the GAC attended the following meetings and conferences:

- 1) The AG, along with two staff, attended the AFROSAI-E Governing Board Meeting in Nairobi, Kenya.
- 2) The AG, along with another three staff, attended the AFROSAI Illicit Fund Flow (IFF) Audit R&C Workshop in Nairobi, Kenya.
- 3) The AG attended the INTOSAI/UNDESA Stakeholders Meeting in New York, United States of America (USA).
- 4) The AG, along with two GAC personnel, attended AFROSAI-E 12th Technical Update Meeting in Pretoria, South Africa.
- 5) The AG attended the AFROSAI General Assembly meeting in Windhoek, Namibia.
- 6) The DAG for Administration attended INTOSAI Donor Cooperation CBC Meeting in Kigali, Rwanda.
- 7) The AG and DAG for Administration attended the INTOSAI Donor Cooperation CBC Meeting in the USA.
- 8) Three GAC staff attended the IDI Audit Planning Meeting in Budapest, Hungary

1.3.6 Assets to Support the Conduct of Audits

Vehicles

There is currently an urgent need for new vehicles as most of those procured through World Bank support have now been used for nearly six years. The depreciation on these vehicles, as a result of age and the deplorable road condition in some parts of the Country, is now causing the GAC to incur high repair and maintenance costs to keep these assets operational. This situation has sometimes hindered the smooth operation of the Commission especially during peak periods when the GAC is constrained to prioritize which field verifications will be conducted and which will be postponed to a later date. If this trend continues, Management's

drive to expand its audit coverage (Consistent with GAC Strategic Goal 1) could be undermined as it might be constrained to regress to previous times when vehicle rental was the primary method by which audit verifications were conducted.

As it stands, at least ten (10) vehicles are required to replace those that were acquired through the Bank support back in 2012. The total cost of this intervention is estimated at US\$380,000.00 (at a rate of US\$38,000.00 per vehicle).

Computers for Auditors

At the GAC, laptops are rotated amongst auditors because we have not been able to assign laptop to each auditor considering the limited quantity available. Management is currently working with development partners and at the same time exploring other possibilities by which it can acquire computers that are customized for the GAC and have the appropriate specifications for running the relevant audit and operational software.

Furniture and Furnishing

The GAC procured some offices furniture and equipment in 2017 as part of its efforts to continuously improve the working environment for auditors. These items include but are not limited to office desks, chairs, air conditioners, binding machines, printers, electronic typewriters, and other assets.

1.3.7 Financial Management and Budget Performance

Submission of Budget Estimates

In compliance with Section 3.4 of the GAC Act of 2014, in April 2017, the GAC submitted its 2017/18 budget estimates to the National Legislature (via the PAC) alongside its 2016/17 Budget Performance Report.

Financial Statements

The GAC operates on a fiscal year basis, and so to present a more appropriate picture of its financial situation for the period under review, the financial statements that follow hereafter are presented on a fiscal year basis (July 1, 2016 – June 30, 2017); they do not represent the Calendar Year 2017. As mentioned in Section 2.5 of this report, these financial statements are unaudited. The audited statements, when available, will be sent to supplement this report, with a copy placed on the GAC website immediately afterwards.



Promoting Accountability of Public Resources

General Auditing Commission (GAC)

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017



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

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For The Fiscal Year Ended June 30, 2017*

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STATEMENT OF RESPONSIBILITIES OF THE HEAD OF MINISTRY OR AGENCY

The following Unaudited Financial Statements set out from pages 6 to page 16 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).

Section 3.6 (a) and (c) of the GAC Act of 2014 requires that the financial statements of the GAC be completed within three (3) months of the end of the fiscal year and its audited statements submitted by the independent auditors to the Legislature within an additional two (2) months. Accordingly, I am pleased to submit the required Statement of Receipts and Payments for the fiscal year ended June 30, 2017. 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 agreed 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


.....
Date

MANAGEMENT DISCUSSION AND ANALYSIS ON THE FINANCIAL STATEMENTS

Introduction

This Section gives a synopsis of significant items, transactions and events presented in the Financial Statements and the factors that influenced them. It introduces the statements and presents an analytical overview of the GAC's financial activities for fiscal year 2016/2017.

The Approved Budget

The original budget for the General Auditing Commission was US\$5,768,142.00 but the fiscal outturn summed at US\$ 5,479,735.00, which we have considered the final budget. Likewise, the original budget for the IPFMRP (grants) was US\$ 264,244.00 and the outturn from third party payment was US\$261,380.00.

The Commission incurred a 21.38% over expenditure in goods and services. This happened because cash brought forward from previous period was expended in the reporting period to settle obligations.

Financial Performance

The General Auditing Commission received US\$5,227,468.00 as budgetary allocation for FY16/17. Of this amount, Compensation of Employees constituted 87% and the remaining 13% was allocated to Goods and Services Consumed. Other receipts which totaled US\$566,084.24 include a receipt of US\$10,993.46 from Ministry of Health, US\$5,479.82 from Lofa County Community College audit, US\$10,970.21 from National Oil Company of Liberia, US\$150,000.00 from Liberia Petroleum Refinery Company, US\$35,067.75 from PFMU, US\$ 7,434.00 from Civil Service Agency as audit fees. US\$20,000.00 from Roberts International Airport, US\$13,975.5 from the Ministry of Agriculture, US\$50,000 from the National Port Authority, US\$37,500 from NASSCORP, US\$175,000.00 from PFMU, US\$11,196.00 from Ministry of Lands Mines & Energy as well as US\$31,169.50 from IPFMRP audit. There were also miscellaneous collections of US\$7,298.00 that covered refunds, and bid document purchases and made up the total of Other Receipts. Additionally, the Commission received from INTOSAI a refund amount of US\$1,712.00 for the printing of reports of which US\$30.00 was used for the transfer of said amount. Hence, the total cash receipt that was controlled by the Commission through its bank account during the fiscal period is US\$5,795,264.00.

Total staff compensation during the period was US\$4,560,609.00. This amount also included retirement benefit for personnel that the Commission laid off during the fiscal year. In addition, US\$1,291,706.00 was spent to pay for Goods and Services provided, with 41.6% being spent on audit activities, 15% on Fuel and Lubricants, and the remaining on other budgetary lines. Other payments included bank charges, pass-through expenditure and exchange losses and gains on operational transactions that amounted to US\$9,462.00. Total payments from budgetary allocations for the fiscal period was US\$5,861,777.00.

The Integrated Public Financial Management Reform Project (IPFMRP) also made third party payments on behalf of the GAC during the period under review. These payments covered the cost of hiring a consultant. The total payment advice made available to the Commission sums up to US\$261,380.00.

Concerns and Strategic Focus

The GAC completed twenty-five (25) audits and commissioned an additional thirty-Five (35) during the reporting period, as audit is our core activity. Management did not complete the additional twenty-four (24) audits during the fiscal year due to challenges such as lack of readiness from the auditees and other related factors.

*Financial Statements
For The Fiscal Year Ended June 30, 2017*


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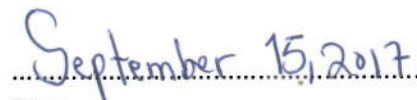
Yusador S. Gaye, CPA, CGMA
Auditor General, R.L


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Date


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Cooper Magbollah
Comptroller


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Date



*Financial Statements
For The Fiscal Year Ended June 30, 2017*

**GENERAL AUDITING COMMISSION
STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Note	FY 16/17		FY 15/16	
	Receipts/ (Payments) Controlled by Entity US\$	Payments by Other Government Entities US\$	Receipts/ (Payments) Controlled by Entity US\$	Payments by Other Government Entities US\$
				Payments by External Third Parties US\$
RECEIPTS				
3	5,227,468	-	5,740,382	
5	566,084	-	22,957	
4	1,712	-	7,093	554,523
Total Receipts	5,795,264	-	5,770,432	554,523
PAYMENTS				
6	4,560,609	-	4,474,359	-
7	1,291,706	-	1,401,015	349,992
8	-	-	-	204,531
9	9,462	-	22,831	
Total Payments	5,861,777	-	5,898,205	554,523
Increase/(Decrease) in Cash	(66,513)		(127,773)	
Cash at the beginning of the FY	301,002		438,548	



*Financial Statements
For The Fiscal Year Ended June 30, 2017*

Increase/(Decrease) in Cash	(66,513)	(127,773)
Foreign currency translation difference	(160)	(9,773)
Cash at the End of the FY	2 <u>234,329</u>	<u>301,002</u>



*Financial Statements
For The Fiscal Year Ended June 30, 2017*

**GENERAL AUDITING COMMISSION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

- 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 \$	%
CASH INFLOWS					
Authorized Allocation/Appropriation	5,227,468	5,479,735	5,768,142	252,267	4.6%
Grants	263,092	263,092	264,244	-	-
Other receipts	566,084	-	-	-566,084	-
Total Receipts	6,056,644	5,742,827	6,032,386	-313,817	
CASH OUTFLOWS					
Wages, Salaries and Employee Benefits	4,560,609	4,674,840	4,674,840	114,231	2.4%
Goods and Services Consumed	1,371,386	886,287	1,357,546	-485,099	-54.7%
Purchase/Construction of Property, Plant, & Equipment	181,700	181,700	-	-	-
Other Payments	9,462	-	-	-9,462	-
Total Payments	6,123,157	5,742,827	6,032,386	-380,330	
NET CASH FLOWS	-66,513	-	-	66,513	

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



*Financial Statements
For The Fiscal Year Ended June 30, 2017*

**GENERAL AUDITING COMMISSION
STATEMENT OF CASH POSITION
AS AT JUNE 30, 2017**

	Currency Held In	Notes	As At June 30, 2017	As At June 30, 2016	Change in Cash Balances
<u>Cash/ Bank Account Details</u>					
		2			
Bank Accounts					
Guaranty Trust Bank (206600000210) -Operations A/C	USD		11,066	124,704	-113,638
Guaranty Trust Bank (206600000110) -Operations A/C	LRD		363	102,720	-102,357
Guaranty Trust Bank (206600000211) -Payroll A/C	USD		41,760	74,548	-32,788
Guaranty Trust Bank (206600000111) -Payroll A/C	LRD		6,618	-23	6,641
EcoBank (0011134701659502) -Operations A/C	USD		-	-	
EcoBank (001-1134701659-501) -Payroll A/C	USD		-	-	
LBDI (002USD21320422701)	USD		-	-	
UBA Prepaid Card #1	USD		96	96	0
UBA Prepaid Card #4	USD		1,382	388	994
Un-deposited Check	USD		175,000		175,000
Total Cash in Banks			236,285	302,433	-66,148
Petty Cash Account					
Petty Cash on Hand	USD		540		540



*Financial Statements
For The Fiscal Year Ended June 30, 2017*

	Currency Held In	Notes	As At June 30, 2017	As At June 30, 2016	Change in Cash Balances
Cash Held By Others For Reimbursement/Refund/Repayment					
Cash Held In Staff Advances	USD		2,933	2,297	636
Cash Held In By IPFMRP (For Refund)	USD		-	1,700	-1700
Excess Of Refund On Other Payments By IPFMRP	USD		-5,429	-5,429	0
Total Cash Held By Others			-2,496	-1,432	-1,064
Total Cash And Bank Balances			234,329	301,002	-66,673

** All Liberian Dollar amounts are converted at the spot rate.*



NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

Basis of Preparation

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

The accounting policies adopted have been consistently used throughout.

Reporting Entity

The financial statements are for the GAC. The Commission is an autonomous agency and is controlled by the National Government of Liberia.

The GAC's principal activity is to conduct audits of all accounts of the Government of Liberia. It controls its own bank accounts with appropriations and other cash receipts being deposited into these accounts as they are received from the Ministry of Finance and Development Planning (MFDP) and other stakeholders.

Payments by Other Government Entities

The GAC benefits from payments made on its behalf by its controlling entity (Government of Liberia) and other government entities.

Payments by External Third Parties

External third parties (entities external to the economic entity) also make payments on the GAC's behalf for goods and services. These payments do not constitute cash receipts or payments by the Commission, but do benefit the Commission. They are disclosed in the Payments by External Third Parties column in the Statement of Cash Receipts and Payments and in other financial statements.

Reporting Currency and Translation of Foreign Currencies

a. Functional and Presentation Currency

1. 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.

b. Translation of Transactions in Foreign Currency

1. 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 rates for the

*Financial Statements
For The Fiscal Year Ended June 30, 2017*

reporting period is 1USD to 111.12LD. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end are disclosed on the face of the financial statements for reconciliation purpose.

2. Cash at the End of the year

This amount comprises cash available in banks, cash held in salary advances, and cash disbursed to others to be reimbursed.

	<u>FY 16/17</u>	<u>FY 15/16</u>
	US\$	US\$
Cash Available in Banks	236,285	302,433
Cash Held in Salary Advances	2,933	2,297
Petty Cash	540	-
Reimbursables	(5,429)	(3,728)
Total	<u>234,329</u>	<u>301,002</u>

Below is a summary list of amount from ending cash balance not available for use to settle operational obligations.

Unpaid Wages to be Remitted	7,248
Staff Social Security Withheld	31,972
Staff Medical Insurance	9,117
Vendor Taxes to be remitted	16,565
Total	<u>64,902</u>

3. Authorized Allocations

The total amount of Authorized Allocations received for FY2016/17 is presented below comparatively:

	<u>FY 16/17</u>	<u>FY 15/16</u>
	US\$	US\$
Compensation of Employees	4,560,609	4,483,360
Goods and Services	1,291,706	1,257,022
Total	<u>5,852,315</u>	<u>5,740,382</u>

4. External Assistance

The IPFMRP contribution to SAI Liberia's expenditures is considered external assistance to the GAC. These payments were made by the IPFMRP to facilitate training, pay consultants, and purchase laptops for auditors.

*Financial Statements
For The Fiscal Year Ended June 30, 2017*

	FY 16/17 US\$	FY 15/16 US\$
EU (BDO)	-	7,093
IPFMRP (Pool Fund)	261,380	528,984
IDI Project (to SAI Liberia)	-	25,539
Total	261,380	561,616

Below is a detail of Undrawn External Assistance.

	Budgeted	Actual	Balance
Multilateral Agency (IPFMRP)	3,235,000	2,970,616	264,384
Bilateral Agency	-	-	
Total	3,235,000	2,970,616	
Total Undrawn External Assistance			264,384

5. Other Receipts

The Commission received fees from clients as reimbursement for audit costs; it also received fees from the sale of bid documents to vendors. These amounts were received and controlled by the Commission through its bank account.

	FY 16/17 US\$	FY 15/16 US\$
Bid Document Purchased by Vendors	2,445	3,969
Audit Fees	558,785	16,744
Refunds	-	2,215
Miscellaneous Receipts	4,854	29
Total	566,084	22,957

6. Wages, Salaries and Employee Benefits

This amount represents payment to employees of the General Auditing Commission as remuneration. The below schedule shows monthly salaries for all GAC Staff during the fiscal year.

	FY 16/17 US\$	FY 15/16 US\$
July	382,986	363,574
August	380,737	361,276
September	382,421	362,131
October	382,900	377,816
November	378,236	369,991
December	378,614	382,602

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January	376,514	376,505
February	373,014	372,177
March	72,832	376,025
April	684,923	378,112
May	399,834	376,212
June	367,598	377,938
Total	4,560,609	4,474,359

7. Use of Goods and Services

In general, all expenses are recognized in the statement of Cash Receipts and Payments when payments are made. Below are the amounts disbursed in goods and services and broken down according to economic classification:

	FY 16/17 US\$	FY 15/16 US\$
Foreign Travel - Means of Travel	81,279	76,365
Water & Sewage	8,788	11,098
Telephone, Fax, Internet, P&C	77,524	69,789
Fuel & Lubricants – Vehicles & Generators	166,180	210,800
Repair & Maintenance-Vehicles	39,225	56,163
Repair & Maintenance-Machinery, Equipment , & Furniture	17,186	39,967
Stationery	12,508	35,779
Printing, Binding & Publication Service	50,835	76,480
News Papers, Books & Periodicals	3,347	3,992
Other Office Materials & Consumables	11,051	14,236
Audit Expense/Fees	657,695	583,535
Entertainment, Representations & GI	31,419	34,545
Subscription (Members Fees & Dues)	13,606	9,894
Legal Dues & Compensations	799	1,995
Personnel Insurance	74,654	126,444
Vehicle Insurance	45,610	49,933
Total	1,291,706	1,401,015

The Commission also benefited from the donor projects from which goods and services were procured and advice was remitted to the GAC at the end of the fiscal period. Please see comparative amount stated below:



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	FY 16/17 US\$	FY 15/16 US\$
IPFMRP	79,680	324,453
IDI Project (to SAI Liberia)	-	25,539
Total	79,680	349,992

8. Purchase/Construction of Property, Plant, and Equipment

The GAC maintains at historical costs a memorandum record in its Fixed Asset Registry for all of its non-current assets.

The Commission also benefited from fixed assets purchased under the IPFMRP. Schedule is provided below:

	FY 16/17 US\$	FY 15/16 US\$
Capital Expenditure	181,700	204,531
Total	181,700	204,531

9. Other Expenditure/ Payments

The GAC incurred bank service charges, exchange losses/gains from operational transactions and pass-through cash flow paid in by Mutual Benefit Assurance for injured staff that are not enshrined in its operational budget. These outflows are summarized as other payments.

	FY 16/17 US\$	FY 15/16 US\$
Bank Charges	3,420	4,384
Exchange Losses/gains	6,042	12,814
Pass-Through Cash Flows	-	5,633
Total	9,462	22,831

10. Statement of Comparison of Budget and Actual Amounts

The budget figures include the GAC's controlled amounts and third party settlements. Due to the usual carryover of cash to settle obligations from previous period, payments for goods and services consumed exceeded budget by 58%.

11. Liabilities

At the close of the fiscal year, the GAC's total liability position was US\$2,068,049. Of this amount, US\$1,911,569 represents the Commission's accrued total contribution (4.75%) to the National Social Security and Welfare Corporation (NASSCORP), while US\$156,480 represents payroll liabilities and commitments to vendors for goods and services provided. The Commission has placed in its 2017/2018 fiscal year budget the 4.75% contribution liability to NASSCORP which has been accruing over the years.

12. Settlement by Third Party

13. Authorization Date

Madam Yusador S. Gaye, CPA, CGMA, head of the GAC and Auditor General of the Republic of Liberia, authorized the financial statements for the reporting period for publication on 15 September 2017.

APPENDIX - DETAILS OF FIXED ASSET PAYMENTS DURING THE PERIOD 1ST JULY 2016 - 30TH JUNE 2017				
Date	Fixed Asset Type	Qty.	Description	Amount
				US \$
1	Machinery	1	Generators (Project) 250KVA	64,250
2	Furniture & Fixture	Assorted	Assorted Office Furniture	440
3	Office Equipment	1	Mini Safe	215
4	ICT Equipment	23	Assorted Printers	6,575
5	Office Equipment	1	Shredder	375
6	ICT Equipment	87	Laptops (Project)	117,450
7	ICT Equipment	25	Laptops	25,662
8	Office Equipment	3	Air Conditioners	1,240
9	Office Equipment	2	Binding Machines	525
10	ICT Equipment	3	Camera	2,907
11	Transport Equipment	4	Vehicles (Ford & Nissan)	153,430
GRAND TOTAL				373,069