



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**ON THE FINANCIAL STATEMENT
AUDIT OF THE LIBERIA
ACCELERATED ELECTRICITY
EXPANSION PROJECT – ORIGINAL
(LACEEP- ORG) IDA 52520**

**FOR THE FISCAL PERIOD JUL 1, 2021
– DEC 31, 2022**

JUNE 2023

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

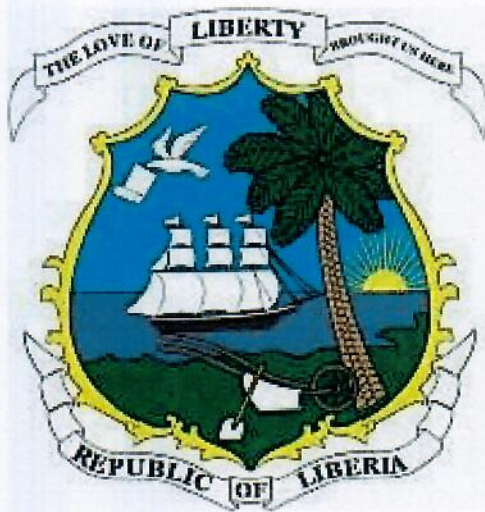


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ACRONYMS USED

Acronyms/Abbreviations/Symbol	Meaning
ACCA	Association of Chartered Certified Accountants
AFP	Audit Focal Person
AG	Auditor General
AM	Aide Memoir
CA	Credit Agreement
CFC	Certified Financial Consultant
CFE	Certified Forensic Examiner
CFIP	Certified Forensic Investigation Professional
CPA	Certified Public Accountant
FA	Financing Agreement
FCCA	Fellow Member of the Association of Chartered Certified Accountants
FM	Financial Manual
FS	Financial Statements
GOL	Government of Liberia
IDA	International Development Association
IFRs	Interim Financial Reports
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards of Auditing
ISSAIs	International Standards of Supreme Audit Institutions
LACEEP -Org	Liberia Accelerated Electricity Expansion Project – Original
PA	Payment Advice
PAD	Project Appraisal Document
PFM	Public Financial Management
PIM	Project Implementation Manual
PMT	Project Management Team
RL	Republic of Liberia
ToR	Term of Reference
WB	World Bank



REPUBLIC OF LIBERIA



AUDITOR GENERAL'S REPORT

June 30, 2023

Mr. Monie R. Captan
Chief Executive Officer (CEO)
Liberia Electricity Corporation (LEC)
Water Side
Monrovia, Liberia

Dear Mr. Captan:

June 30, 2023

Mr. Monie R. Captan
Chief Executive Officer (CEO)
Liberia Electricity Corporation (LEC)
Water Side
Monrovia, Liberia

Dear Mr. Captan:

**AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE LIBERIA
ACCELERATED ELECTRICITY EXPANSION PROJECT – ORIGINAL FOR THE PERIOD JULY
1, 2021 TO DECEMBER 31, 2022**

Opinion

We have audited the financial statements of Liberia Accelerated Electricity Expansion Project-Original (LACEEP-Org) IDA IDA 52520 for the period ended Dec 31, 2022. These financial statements comprise the Statement of Cash Receipts and Payments, Statements of Comparison of Budget and Actual Amounts for the period then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Statements of Liberia Accelerated Electricity Expansion Project-Original (LACEEP-Org) present fairly in all material respects, the Statement of Receipts and Payments for the period ended December 31, 2022, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and other explanatory notes for the period then ended in accordance with International Public Sector Accounting Standards (IPSAS 2017) Cash Basis of Accounting.



Basis for opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the of Liberia Accelerated Electricity Expansion Project-Original (LACEEP-Org) Project Implementation Unit (PIU) in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management Responsibility for the Financial Statements

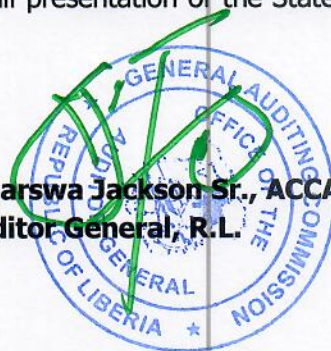
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS 2017) Cash Basis of Accounting and for such internal control as Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement of Receipts and Payments. The procedures selected depends on the auditor's judgment, including the assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Statement of Receipts and Payments in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Statement of Receipts and Payments.

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



Monrovia, Liberia
June 2023

Executive Summary

The Liberia Accelerated Electricity Expansion Project (LACEEP) is part of the government of Liberia plan to shift the energy sector from managing an emergency to developing the sector in a sustainable manner by expanding and improving electricity services. The Government ambitious strategy was to increase electricity coverage to 70 percent of the population in Monrovia and 35 percent nationwide by 2030. This strategy builds on initial results achieved in rebuilding the electricity grid after the end of the civil war and on the National Energy Policy.

The project focused on pillar 2 of GoL's Agenda for Transformation (the second Poverty Reduction Strategy), the expansion of electricity services and the reduction of the cost of electricity are identified as essential conditions for achieving and sustaining economic transformation. The project focuses on providing support to implement the first phase of the government's access agenda, which runs from 2013 to 2016.

The total project cost is estimated at US\$35 million. Cost estimates were prepared, reviewed and adjusted in consultation with LEC, as well as the MLME and were in line with similar projects in Sub-Saharan Africa. The project targeted communities were communities along the Paynesville-kakata to Weala corridors. The contract for the construction of distribution network in Paynesville and communities along Kakata corridor under the original project was completed. About 168 km of MV and LV distribution network was constructed.

PROJECT OBJECTIVES

The project development objective (PDO) was to increase access to electricity services and strengthen institutional capacity in the electricity sector. The parent IDA credit was approved by the World Bank on May 30, 2013. The Financing Agreement was signed on July 3, 2013 and it became effective on November 25, 2013. The parent project is implemented by the Liberia Electricity Corporation (LEC) and the Ministry of Mines and Energy (MME), previously Ministry of Lands, Mines and Energy (MLME).

The Liberia Accelerated Electricity Expansion Project (LACEEP) focuses on the government's plan to expand electricity services to cover 70% of Monrovia and 35% nationwide by 2030, as indicated in the Liberia Energy Access Plan. LACEEP is made up of three main components.

The first component supports the expansion of the transmission and distribution grid.

The second component seeks to create some of the conditions to shift from diesel to HFO-based thermal generation needed for the country to effectively benefit from the price differential of the two fuels on the international market.

The third component focuses on the strengthening of the institutional capacity within the government to lead the development of the electricity sector.



THE YEAR UNDER REVIEW

The Fiscal Year 2021/2022 was considered a year of completion of the overall objective of the project. The contracts awarded for the project areas-Paynesville to Kakata-Weala, was commissioned and turned over to the LEC. The total contract value for the three LOTs awarded was approximately USD 22.28 million.



for **Adam Sheriff**
Chief Financial Officer
LEC/LACEEP-ORG

June 30, 2023

Date



Henry Kimber
Project Coordinator
LEC/LACEEP-ORG

06/30/23

Date



Auditor General's Report on the Financial Statement Audit of the Liberia Accelerated Electricity Expansion Project – Original (LACEEP-Orig) For the Period Ended December 31, 2022

**Liberia Accelerated Electricity Expansion Project-Original
STATEMENT OF RECEIPTS AND PAYMENTS**

ACCOUNT TITLE/DESCRIPTION	NOTES	STATEMENTS OF RECEIPTS/PAYMENTS									
		JULY 1, 2021-DECEMBER 31, 2022					JULY 1, 2020-JUNE 30, 2021				
		US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
RECEIPTS		DESIGNATED ACCOUNT-LEC	DIRECT PAYMENT/LEC	DESIGNATED ACCOUNT-MME	DIRECT PAYMENT/MME	CONSOLIDATED AMOUNT	DESIGNATED ACCOUNT-LEC	DIRECT PAYMENT-LEC	DESIGNATED ACCOUNT-MME	DIRECT PAYMENT-MME	CONSOLIDATED AMOUNT
Balance B/F (July 1, 2021)	1	-	-	-	-	-	-	-	-	-	1,158,086.25
World Bank-IDA CREDIT		-	-	-	-	-	259,049.44	899,036.81	-	-	-
Total Receipts		-	-	-	-	-	259,049.44	899,036.81	-	-	1,158,086.25
PAYMENTS											
Operations:											
Consultancy	2	-	-	-	-	-	180,301.75	-	-	-	180,301.75
Training		-	-	-	-	-	-	-	-	-	-
Fixed Assets	3	-	-	-	-	-	-	-	-	-	-
Works	4	-	-	-	-	-	-	-	-	-	-
Operating Costs		151,371.67	-	-	-	151,371.67	67,279.45	899,036.81	-	-	899,036.81
Total Expenditure		151,371.67	-	-	-	151,371.67	247,581.20	899,036.81	-	-	1,146,618.01
NET INCREASE/DECREASE IN CASH		(151,371.67)	-	-	-	(151,371.67)	11,468.24	-	-	-	11,468.24
Cash at the beginning of the year	5	151,371.67	-	-	-	151,371.67	139,903.43	-	-	-	139,903.43
Cash at the End of the Period DECEMBER 31, 2022 per IFR	5	-	-	-	-	-	151,371.67	-	-	-	151,371.67

Note: Kindly note that the project has adopted the Government of Liberia new Fiscal period from January to December. It was on this basis that we prepared our Financial Statement to include the lapsed period of July to December of 2021. This means this report covered the periods July 2021 to December 2022 (Eighteen Months)



**Liberia Accelerated Electricity Expansion Project-Original
 STATEMENT OF FINANCIAL POSITION**

			Dec	June
		Notes	2022	2021
ASSET EMPLOYED			US\$	US\$
Current Assets				
			-	151,371.67
Cash and Bank Balances		5	-	151,371.67
FUND BALANCES				
Funded By:				
Accumulated Fund (IDA)			-	151,371.67

Liberia Accelerated Electricity Expansion Project-Original
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ACCOUNT TITLE/DESCRIPTION	Actual Amount	Final Budget	Original Budget	Difference: Final Budget and Actual	Percentage Variance
	US \$	US \$	US \$	US \$	%
CASH INFLOWS					
IDA World Bank Funds	-	-	-	-	-
Balance B/F-LEC	151,371.67	151,371.67	151,371.67	-	-
Balance B/F-MLME	-	-	-	-	-
Total Receipts	151,371.67	151,371.67	151,371.67	-	-
CASH OUTFLOWS					
Extention of Electricity and Distribution	-	-	-	-	-
Rehabilitation of Off-loading , transport, and HFO storage facilities	-	-	-	-	-
Technical Assistance to strengthen MLME's capacity	-	-	-	-	-
Operational costs for LEC's Project Management Team	151,371.67	151,371.67	151,371.67	-	-
Total Expenditure	151,371.67	151,371.67	151,371.67	-	-
NET CASH FLOWS	-	-	-	-	-

* Actual amounts encompass both cash and third party settlements.

Note: Kindly note that the project has adopted the Government of Liberia new Fiscal period from January to December. It was on this basis that we prepared our Financial Statement to include the lapsed period of July to December of 2021. This means this report covered the periods July 2021 to December 2022 (Eighteen Months)



Notes to the Financial Statements

I. Project Description and Cost Estimates

The project comprises the following components

Status of Implementation:

The Project has three main components and their status of implementation are as follows:

Component 1: Extension of electricity transmission and distribution systems:

Original LACEEP - IDA Cr. 52520 (Monrovia-Kakata):

- a. **Transmission Network:** The Paynesville - Kakata 66kV transmission line and the 66/33 kV Kakata substation has been energized and handed over to LEC since May 7, 2020. A total of 64km 66kV transmission line was constructed.
- b. **Distribution Network in Paynesville & Kakata Corridor:** The contract for the construction of distribution network in Paynesville and communities along Kakata corridor under the original project was completed in December 2017. About 168 km of MV and LV distribution network was constructed, and 303 transformers installed. A total of 17,800 customers, which is higher than the original target of 10,300, were connected only in the Paynesville area. However, not all the earmarked communities and areas under the original distribution contract could be covered due to insufficient funds and so another contract, the 9 Communities Contract was procured with IDA Cr 56800 (LACEEP AF) funds to the outstanding areas.
- c. **The 9 Communities Contract:** The construction of a total of 451km of MV and LV distribution networks and installation of additional 128 transformers were completed. So far, a total of 431 distribution transformers and about 16,247 customer connections were being commissioned in the Paynesville – Kakata -- Weala areas under the contract.
- d. **Component 2: Construction of facilities for off-loading, transport, and storage of heavy fuel oil (HFO) and support for optimization of HFO procurement:**
The construction of the HFO storage tanks and associated pipeline that was implemented by the MME was completed in December 2017. LEC for the first time in March 2020 utilized the facilities to transport and store competitively procured HFO fuel (800,000 gallons). However, due to the precarious financial position of LEC, the facility has since not been used.

Component 3: Support for the expansion of supply options and for the strengthening of the sector's institutional capacity.

IDA Cr 52520

The MME completed the following activities under the original Project:

Assessment of options for launching procurement of fuel on a competitive basis

Market sounding analysis for power generation projects with private sector participation

OTHER INFORMATION

I. Significant Accounting Policies

The financial statements are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) Modified Cash Basis and in the manner required by the Loan agreements and the African Development Bank's Policy and procedures. This implies that all expenditures are expended whether they are revenue or capital in nature and income is recognized when funds are received from the World Bank.

II. Currency

The financial statements have been presented in United States Dollars, the reporting currency of the executing agency, the Liberia Electricity Corporation. Transactions in foreign currencies are translated and recorded in United States Dollars at the prevailing rate on the date of the transaction. The project book of accounts and special account at Ecobank are maintained in United States Dollars

III. Banking Information

The project account is domiciled at Ecobank Liberia Ltd with account titled: LEC-LACEEP **Credit No. 5252-LR** with account number **6100402612**

Liberia Accelerated Electricity Expansion Project

(Unaudited Statement)

Notes to the Financial Statement

Liberia Accelerated Electricity Expansion Project (LACEEP-52520)								
	LEC 2021/22	LEC 2020/21 USD	MLME 2020/2021 USD	LEC/MLME Consolidated 2020/2021 USD	LEC 2019/20 USD	MLME 2019/20 USD	LEC/MLME Consolidated 2019/20 USD	Cumulative Expenditure from Inception to Date USD
Note to the Accounts								
BANK & CASH BALANCE								
5	CASH BALANCE BROUGHT FORWARD	151,371.67	139,903.43	-	139,903.43	131,056.47	41,403.95	1,082,031.72
	ECOBANK ACCOUNT							
	TOTAL BANK & CASH BALANCE	151,371.67	139,903.43		139,903.43	131,056.47	41,403.95	1,082,031.72
Consultancy								
2	Foreign Consultancy	-	58,502.00	-	58,502.00	26,246.86		369,458.14
	Local Consultancy	-	121,799.75	-	121,799.75	-	26,246.86	397,008.35
	Sub-total	-	180,301.75	-	180,301.75	26,246.86		
Training								
	Capacity Building-Project Staff	-	-	-	-	-	-	76,725.86
	DSA, Hotel, & Accomodation	-	-	-	-	-	-	40,256.00
	Training of LEC Staff	-	-	-	-	-	-	60,623.80
	Air Fare, Vehicle etc.	-	-	-	-	-	-	20,309.61
	Sub-total	-	-	-	-	-	-	197,915.27
Fixed Assets								
	Computer & Office Equipment	-	-	-	-	-	-	13,414.00
	Vehicles	-	-	-	-	-	-	234,000.00
	Sub-total	-	-	-	-	-	-	247,414.00
3	Works							
	Direct Payments:							
	MBH Power PVT LTD	-	899,036.81	-	899,036.81	1,541,069.21		4,609,519.96
	Zhongmei Engineering	-	-	-	-	-	1,541,069.21	2,755,662.89
	China Harbor Engineering Company	-	-	-	-	-	-	1,938,803.00
	Special Commitment	-	-	-	-	-	-	1,938,803.00
	Sawyer & Associates	-	-	-	-	-	-	1,938,803.00
	Sub-total	-	899,036.81	-	899,036.81	1,541,069.21		13,181,591.85
4	Operating Costs							
	Refreshments/Consumables	-	-	-	-	-	-	2,563.00
	Tools & Accessories	-	-	-	-	-	-	1,500.00
	Travelling & Transport	-	-	-	-	-	-	4,242.00
	Printing & Stationery	-	-	-	-	-	-	4,019.00
	Insurance	-	-	-	-	-	-	-
	Advertisement & Publicity	-	-	-	-	-	-	11,250.00
	Fuel and Lubricants	-	-	-	-	-	-	7,274.00
	Repair & Maintenance	-	-	-	-	-	-	31,909.00
	Rent	-	-	-	-	-	-	5,820.00
	Bank charges	-	-	-	-	12,448.11		58,255.67
	Communication & Internet	-	-	-	-	1,118.00		45,029.00
	Project Management	151,371.67	67,279.45	-	67,279.45	729,702.74		928,120.97
	Office Furnitur & Equipment	-	-	-	-	-		41,284.00
	Sub-total	151,371.67	67,279.45	-	67,279.45	743,268.85		1,141,266.64
1	Grant received during the period							
	IDA Replenishment	-	259,049.44	-	-	778,326.67		3,506,195.85
	Direct Payment:							
	MBH Power PVT LTD	-	899,036.81	-	899,036.81	1,541,069.21		5,026,352.38
	Zhongmei Engineering Group Ltd	-	-	-	-	-	1,541,069.21	3,104,185.93
	CHEC	-	-	-	-	-	-	2,355,635.42
	Africa Motors	-	-	-	-	-	-	2,355,635.42
	United Motors	-	-	-	-	-	-	2,355,635.42
	Special Commitments	-	-	-	-	-	-	2,355,635.42
	Sub-Total	-	1,158,086.25	-	899,036.81	2,319,395.88		21,059,275.84

Specific Disclosure-Funds Returned

Funds Returned to IDA **US\$ 9,639.42**

At the fiscal year ended, the project did not incur liabilities related salaries and allowances to project staff. The project never had outstanding commitments to Contractors under the Works and goods portion of the activities. However, the project remitted an unused amount of **USD 9,639.42** to the IDA account during the reporting period.