



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**ON THE FINANCIAL STATEMENT AUDIT OF
LIBERIA ENERGY EFFICIENCY ACCESS
PROJECT (LEEAP) LOAN No.
5900150001051**

**FOR THE PERIOD JULY 1, 2021-
DECEMBER 31, 2022**

DECEMBER 2022

**P. Garswa Jackson SR. ACCA, CFIP, CFC
AUDITOR GENERAL, R.L.**

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REPUBLIC OF LIBERIA



AUDITOR GENERAL'S REPORT

June 30, 2023

Mr. Paschal Buckley
Chief Executive Officer (CEO)
Liberia Energy Efficiency & Access Project
(LEEAP) Liberia Electricity Corporation
(LEC)
Monrovia, Liberia

Dear Mr. Buckley:

**AUDITOR GENERAL'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF
LIBERIA ENERGY EFFICIENCY ACCESS PROJECT (LEEAP) FOR THE PERIOD ENDED
DECEMBER 31, 2022**

Opinion

We have audited the financial statements of Liberia Energy Efficiency & Access Project (LEEAP) for the year ended December 31, 2022. These financial statements comprise the Statement of Cash Receipts and Payments, Statement of Comparison of Budget and Actual Amounts for the fiscal year then ended and summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Statements of LEEAP present fairly in all material respects, the Statement of Receipts and Payments as at December 31, 2022, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and other explanatory notes for the fiscal period then ended in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (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 Liberia Energy Efficiency & Access (LEEAP) Project Implementation Unit (PIU) in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the



*Auditor General's Report on The Financial Statement Audit
Of Liberia Energy Efficiency Access Project (LEEAP) Loan No. 5900150001051
For The Period July 1, 2021- DECEMBER 31, 2022*

financial statements in accordance with the African Development Bank guideline 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

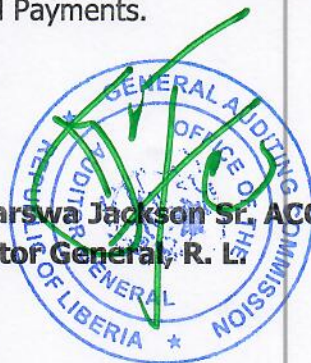
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS 2017) Cash Basis of Accounting and for such internal control as Management determines is necessary to enable the preparation of the 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, CFE
Auditor General, R. L.



Monrovia, Liberia

June 2022



STATEMENT OF RESPONSIBILITIES


The Financial Statements as set out on pages 7 to 9 have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 and in compliance with the Cash Basis International Public Sector Accounting Standards (Cash IPSAS), adopted by the Government of Liberia.

In accordance with the provisions of the Public Financial Management (PFM) Act of 2009, I am responsible for the control of and accounting for public funds received, held, and expended for and on behalf of the Liberia Energy Efficiency & Access Project (LEEAP).

Under the provisions of the same Act, I am required to prepare financial statements of the LEEAP to be submitted to the President, Minister of Finance and Development Planning, and the Auditor General two months after the end of the financial year to which it relates. However, I have delegated the preparation of the financial statements to the Chief Financial Officer for my transmittal to the relevant authorities, as provided in the attendant Regulations of the Public Financial Management Act of 2009. Accordingly, I am pleased to submit the required annual financial statements of LEEAP in compliance with the PFM Act and its attendant Regulations. I have provided, and will continue to provide, all the information and explanations as may be required in connection with the financial statements presented therein.

In preparing these Financial Statements, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgment and estimates. 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 provisions of the Public Financial Management (PFM) Act of 2009.

 June 30, 2023

for **Adam Sheriff**
Chief Financial Officer
LESSAP / LEC

 June 30, 2023

Henry Kimber
Project Coordinator
LESSAP / LEC

OVERVIEW OF LEEAP PROJECT

The Liberia Energy Efficiency and Access Project (LEEAP) is part of a larger multi-donor program aiming to improve the access to electricity in Liberia. This project is part of the Government of Liberia 's Electricity Sector Development Master Plan the LCPDP. It focuses on the RIA Transmission Line corridor as well as the extension of the AfDB financial cross-border electrification project from Pleebo to Fish Town in River Gee County.

The Project involves the construction of 46.1 KM of Transmission lines and 280 KM of Distribution line in the corridors of the Robert International Airport (RIA) in the greater Monrovia and Pleebo-Fish Town in River Gee County. It also includes an energy efficient component as well as a capacity building component. The project is estimated at an overall cost of UA 31.38 million, equivalent of USD 44.24 million. The project was originally planned to be implemented over the 2017-2019 period.

The direct beneficiaries of the project are communities located along the corridors of RIA and Pleebo-Fish Town, the technicians Working in the power sector in Liberia, and graduates in vocational schools. The project will enable the provision of reliable electricity to estimated population in excess of 200,000 person living in communities along the project area, including schools, and health centers as well as commercial and industrial businesses. It will contribute to the reduction of greenhouse emissions while raising the electricity access rate in Liberia from the current 2% to 5% by 2019. The project will also contribute to provide Liberia with a reserve of skilled staff in the power sector who will benefit from the ambitious capacity building component to be financed under the project.

PROJECT OBJECTIVE

The project aims at increasing the Liberian population's access to electricity from the current 2% to 5% by 2019 while promoting energy efficiency and strengthening the institutional capacity in the electricity sector. More specifically, the project will: (i) expand the electricity transmission and distribution network in Liberia; (ii) improve electricity accessibility if the communities in the project zones of influence; (iii) promote energy efficiency in the country and (iv) improve the human and technical capacity of the energy sector by training skilled professionals (including engineers, technicians, maintenance, and administrative persons) from LEC, MLME, EPA and RREA.

THE YEAR UNDER REVIEW

The Fiscal Year 2020/2021 is considered a year of full implementation of the overall objective of the project. The contract awarded for the three project areas-Paynesville to Shefflin, Shefflin to RIA and Pleebo to Fish Town corridors in LOTs 1,2 & 3 respectively are currently ongoing. The total contract value for the three LOTs awarded is approximately USD 28 million.



**LIBERIA ENERGY EFFICIENCY & ACCESS PROJECT (LEEAP)
 STATEMENTS OF CASH RECEIPTS AND PAYMENT
 FOR THE PERIOD ENDED JUNE**

RECEIPTS	Note	SPECIAL ACCOUNT US\$ FY2021/2022	SPECIAL ACCOUNT US\$ FY2020/2021
Inflows:			
AFDB	2	224,185.00	134,165.00
Total receipts		224,185.00	134,165.00
Payment:			
Consultancy	3	91,913.00	106,494.31
Training	4	-	-
Goods	5	6,966.71	-
Works	6	-	-
Operating cost	7	128,160.90	54,985.75
Total Payments		227,040.61	161,480.07
Net increase (decrease) in cash		(2,855.61)	(27,315.07)
Cash at the beginning of the year	8	86,373.52	113,688.59
Cash at the end of the year December 31, 2022		83,517.91	86,373.52

The notes on page 11 to 15 are integral part of these financial statements

**LIBERIA ENERGY EFFICIENCY ACCESS PROJECT (LEEAP) STATEMENT
 OF COMPARISON OF BUDGET OF AND ACTUAL AMOUNT FOR THE
 PERIOD ENDED DECEMBER 31, 2022.
 (CLASSIFICATION OF PAYMENT BY FUNCTION)**

ACCOUNT TITLE/DESCRIPTION	Note	DIFFERENCE:			PERCENTAGE VARIANCE
		APPROVED BUDGET	ACTUAL	BUDGET AND ACTUAL	
		US\$	US\$	US\$	%
CASH INFLOWS					
AFDB FUND-DIRECT PAYMENT	9	25,103,144.70	12,227,546.36	12,875,598.34	51%
BALANCE B/F					0%
OTHER RECEIPTS		113,688.59	86,373.52	-	
TOTAL RECEIPTS			-	-	-
	9	<u>25,216,833.29</u>	<u>12,313,919.88</u>	<u>12,875,598.34</u>	51%
CASH OUTFLOWS					
SERVICE WORKS	9	1,049,075.41	476,083.00	572,992.41	55%
GOODS	9	22,130,600.73	10,695,643.57	11,434,957.16	52%
TRAINING	9	1,000,000.00	930,514.50	69,485.50	7%
OPERATING COST	9	1,401,024.60	-	1,401,024.60	100%
TOTAL OPERATING COST	9	25,830,700.74	12,230,401.97	13,600,298.77	53%
NET CASH FLOWS	9	<u>(613,867.45)</u>	<u>83,517.91</u>	<u>(724,700.43)</u>	118%

**amounts include third party payments*

The notes on page 11 to 15 are integral part of these financial statements



LIBERIA ENERGY EFFICIENCY ACCESS PROJECT (LEAP)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

Cash/Bank Account Details	Notes	As at 31 December 2022	As at 30 June 2021
		US \$	US \$
ASSETS DEPLOYED			
Current Assets			
Accumulated Fund (ADF LOAN)	8	83,517.91	86,373.52
Total Cash and bank balance		<u>83,517.91</u>	<u>86,373.52</u>

[Signature] June 30, 2023
Adam Sheriff
 Chief Financial Officer
 LESSAP / LEC

[Signature] June 30, 2023
Henry Kimber
 Project Coordinator
 LESSAP / LEC

The notes on page 11 to 15 are integral part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS

1. General Information and Accounting Policies

The principal addresses of the reporting entity: Liberia Electricity Corporation (LEC), Water Street, Monrovia, Liberia with the Project Office situated at the Bushrod Island Compound of the Liberia Electricity Corporation.

Liberia Electricity Corporation (LEC) was established by an Act of Liberia National Legislature on July 12, 1973 as a Public Corporation solely owned by the Government of Liberia (GoL) with a mandate to produce and supply affordable and reliable electric power to the entire nation.

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 International Public Sector Accounting Standard (IPSAS) Cash Basis.

Reporting Entity

The financial statements are for the Liberia Energy Efficiency & Access Project (LEEAP) being implemented by the Liberia Electricity Corporation

Reporting Currency and Translation of Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Translation of Transactions in Foreign Currency

Foreign currency transactions are translated into United States Dollar using the exchange rates circulated by the Central Bank of Liberia (CBL).

Reporting Period

The reporting period for these financial statements is July 1, 2021 to December 31, 2022.

Payment by external third parties

There were payments made by the African Development Bank (AFDB) directly to Contractors during period totaling US\$12,227,546.36 as follows:

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Contractor	FY2021/2022 US\$	FY2020/2021 US\$
T & D Power Solutions Limited	5,732,695.63	8,467,343.67
NCC Limited	4,962,947.94	1,399,341.91
WAPCOS	371,870.00	457,115.00
Project Staff (Training, etc.)		
Ceohus Gekpo	12,300.00	
Lion Stationery Store		
Auto Run Spare Parts		
African American		
Omega Supply Chain	3,187.50	
Eagle Electric		
Gamma Power	79,580.78	
United Motor Corporation	185,500.00	
MBH Power Limited (ConMaterials)	364,944. 31	
Computer Shop	26,590.00	
Alpha TND (Connection Materials)	263,745.20	
	<u>12,227,546.36</u>	<u>10,488,481.39</u>

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Notes to the Financial Statements

NOTES TO THE ACCOUNT	2021/22	2020/21	2019/20	2018/19	Cumulative Expenditure From Inception to Date
2 AFDB - Credit	USD	USD	USD	USD	USD
AFDB Replenishment:	224,185.00	134,165.00	206,392.00	69,085.00	633,827.00
AFDB Reimbursement:	-	30,515.81	58,835.24	-	89,351.05
Direct Payment :					
WAPCOS	371,870.00	457,115.00	268,475.00	266,600.00	1,364,060.05
Africa Motors	-	-	-	86,000.00	86,000.00
T & D Power Solutions Ltd.	5,732,695.63	8,467,343.67	1,005,422.89	399,375.11	15,604,837.30
NCC Ltd.	4,962,947.94	1,399,341.91	2,724,447.07	-	9,086,736.92
Cephas Gekpo	12,300.00	-	12,971.00	-	25,271.00
Lion Stationery Store	-	-	12,928.96	-	12,928.96
Auto Run Spare Parts	-	-	13,500.00	-	13,500.00
African American	-	-	37,500.00	-	37,500.00
OMEGA Supply Chain	-	-	3,150.00	-	3,150.00
Eagle Electric	3,187.50	-	5,335.00	-	8,522.50
Techno IT	-	-	53,570.00	-	53,570.00
Motor Bikes	-	-	-	-	-
Gamma Power	79,580.78	-	-	-	79,580.78
United Motor Corporation	185,500.00	-	-	-	185,500.00
MBH Power Limited (Connection Materials)	364,944.31	-	-	-	364,944.31
Computer Shop	26,590.00	-	-	-	26,590.00
Alpha TND (Conection Materials)	263,745.20	-	-	-	263,745.20
	12,227,546.36	10,488,481.39	4,402,527.16	821,060.11	27,939,615.07
3 Consultancy					
International Consultancy	459,950.00	563,609.31	339,756.00	266,600.00	1,629,915.31
Local Consultancy	16,133.00	-	-	-	16,133.00
	476,083.00	563,609.31	339,756.00	266,600.00	1,646,048.31
4 Training					
Capacity Building - Project Staff	-	30,515.81	58,835.24	-	89,351.05
DSA, Hotel & Accomodation	-	-	-	-	-
Air Fare, Vehicle Etc.	-	-	-	-	-
	-	30,515.81	58,835.24	-	89,351.05
5 Fixed Assets					
Goods	930,514.50	-	125,983.96	86,000.00	1,142,498.46
	930,514.50	-	125,983.96	86,000.00	1,142,498.46
6 Works					
T & D Power Solutions Ltd.	5,732,695.83	8,467,343.67	1,005,422.89	399,375.11	15,604,837.50
NCC Ltd.	4,962,947.74	1,399,341.91	2,724,447.07	-	9,086,736.72
	10,695,643.57	9,866,685.58	3,729,869.96	399,375.11	24,691,574.22
7 Operating Costs					
Travelling & Transport	-	-	-	-	-
Fuel and Lubricants	-	-	-	-	-
Repair & Maintenance	-	-	-	-	-
Bank charges	-	-	-	-	-
Communication & Internet	-	-	-	-	-
Project Management	128,160.90	54,985.76	82,417.39	42,921.02	308,485.12
	128,160.90	54,985.76	82,417.39	42,921.02	308,485.12
8 BANK & CASH BALANCE					
OPENING CASH & BANK BALANCES	86,373.52	113,688.59	48,023.98	21,860.00	21,860.00
CLOSING CASH & BANK BALANCES	83,517.91	86,373.52	113,688.59	48,023.98	83,517.91

Specific Disclosure-Outstanding Commitments

There were no major outstanding commitments during the reporting period.

At the fiscal year ended, the project did not incur liabilities related salaries and allowances to project staff. The project has no outstanding commitments to Contractors under the Works and goods portion of the activities. These would have been project liabilities and would be excluded from the face of the financial statements.

**Amounts in notes include third party (direct) payments*



9. Budget Variance Explanations

The annual Budget performance archived less than 50% of the planned disbursement for the FY July 1, 2021 to December 31, 2022. Our overall planned spending was us\$ 25,103,144.70 but actual result of US\$ 12,227,546.36 representing 51%.

Many interruptions from the Ministry of Public Works (MPW)- The Ministry frequently issued stop orders on the transmission lines from Paynesville to RIA (LDT). The MPW is engaged with pavement and expansion works of the Roberts International Airport (RIA) High Way, while LEC is also engaged in the electrification of the same corridor. There has been clash on right of way initially approved by the MPW for the transmission line tower and the road size. This contributed to significant delay.

The contracts were expected to be completed by April 2021. This expectation influenced the budgeted figures. Due to the stop orders from the MPW, the targeted completed schedules were not achieved. Hence disbursements are affected leading the material budget variances reported in the statement of comparison of budget and actual amounts.