



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**ON THE FINANCIAL STATEMENT AUDIT OF
THE AFDB - MANO RIVER UNION ROAD
DEVELOPMENT AND TRANSPORT FACILITY
PROGRAMME (MRU/RDTFP-2)**

**FOR THE YEAR ENDED DECEMBER 31,
2022**

June 2023



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

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AUDITOR GENERAL'S REPORT

June 30, 2023

Hon. Ruth Cooker-Collins

Minister

Ministry of Public Works

Lynch Street

Republic of Liberia

Dear Hon. Collins:

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE MANO RIVER UNION ROAD DEVELOPMENT AND TRANSPORT FACILITY PROGRAMME (MRU/RDTFP-2) PROJECT FOR THE EIGHTEEN MONTHS PERIOD ENDED DECEMBER 31, 2022.

Opinion

We have audited the accompanying financial statements of the Mano River Union Road Development and Transport Facility Programme (MRU/RDTFP-2) Project for the period July 1, 2021 to December 31, 2022, which comprises the Statement of Receipts and Payments, Statement of Fund Balance and Cash Status, Statement of Comparison of Budget and Actual Amounts, Statement of Financial Position and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the Statement of Receipts and Payments for the year then ended December 31, 2022, the Statement of Comparison of Budget and Actual Amounts, and a summary of other accounting policies and other explanatory notes for the eighteen months 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 the 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 Mano River Union Road Development and Transport Facility Programme (MRU/RDTFP-2) Project Implementation Unit (PIU) of the Ministry of Public Works (MPW) in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Project Implementation Manual (PIM) 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's Responsibility

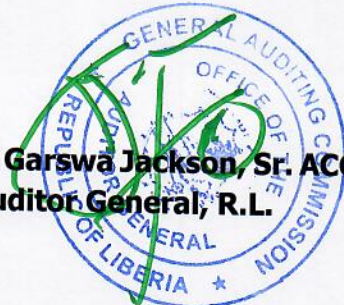
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS Cash Basis, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to cease operations or has no realistic alternative but to do so. The Project Financial Management Unit (PFMU) is responsible for overseeing the Project's financial reporting process.

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

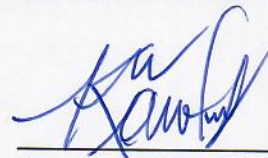
Statement of Responsibilities

We acknowledge that the Management of the Mano River Union Road Development and Transport Facility Programme (MRU/RDTFP-2) is responsible for all information and presentation contained in the accompanying financial statements comprising the Statement of Receipts and Payments, Statement of Fund Balance and Cash Status, Statement of Comparison of Budget and Actual Amounts, Statement of Financial Position and a summary of significant accounting policies and other explanatory information for the period ended 31st December 2022. The financial statements have been prepared in conformity with IPSAS Cash Basis financial Reporting framework of 2017 and the financial Procedure Manual of PFMU 2018. They reflect amounts that are based on cash basis accounting and Management's best judgment with appropriate consideration of materiality.

We confirm these financial statements agree with the books of accounts, which have been properly kept.

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


June 30, 2023
Papin Daniels, Jr.
Director, Donor Finance Projects
PFMU, MFDP


6/30/23
Rawlings Baco Kesselly
Project Coordinator-MRU-I
MoPW

GENERAL INFORMATION

PROJECT MANAGEMENT TEAM

Project Financial Management Unit:	Papin Daniels, Jr, CA, CPA, CFE Unit Director Project Financial Management Unit (PFMU)
	Leroy N. Fendor, CA, CPA Deputy Director
	Subozu Kollie, CFE, CA, CPA Project Internal Auditor
Registered Office:	Project Financial Management Unit (PFMU) Ministry of Finance Broad and Mechlin Street Liberia
Project Implementation Unit:	Rawlings Bacco Kessely Project Manager Mano River Union Road Development and Transport Facility Programme Phase II (MRU/RDTFP Phase 2) Project Implementation Unit (PMU)
Project Location:	Ministry of Public Works Lynch Street Liberia
Bankers:	Liberia Bank for Development & Investment (LBDI) Monrovia



Auditor General's Report on The Financial Statement Audit of the Mano River Union Road Development and Transport Facility Programme (MRU/RDTFP-2) For the Year Ended December 31, 2022

**STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2022**

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<i>In United States Dollars</i>	Notes	January to December 2022	SPECIAL BUDGET YEAR December 2021	2020 March to 2021 June	Cummulative
Receipt					
AfDB Grant & Loan	4	11,009,214	2,353,401	7,601,026	20,963,640
Total Receipt		11,009,214	2,353,401	7,601,026	20,963,640
Payment					
Road Dev't & Mitigation of negative environmental impacts	5	10,600,524	2,204,011	7,229,706	20,034,240
Programme Management	6	370,711	128,090	315,891	814,693
Total Payments		10,971,235	2,332,102	7,545,597	20,848,933
Excess of receipts over payments (payments over receipts)		37,979	21,300	55,429	114,707
Fund Balance as at beginning		76,728	55,429	-	-
Cummulative fund balance		114,707.20	76,728	55,429	114,707



Auditor General's Report on The Financial Statement Audit of the Mano River Union Road Development and Transport Facility Programme (MRU/RDTFP-2) For the Year Ended December 31, 2022

**STATEMENT OF FUND BALANCE AND CASH STATUS
FOR THE PERIOD ENDED DECEMBER 31, 2022**

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	SPECIAL BUDGET YEAR		
	January to December 2022	July 2021 to December 2021	2020 March to 2021 June
<i>In United States Dollars</i>			
A Fund Balance			
Balance of Project Fund	76,728	55,429	-
Add: Total Receipts during the period	<u>11,009,214</u>	<u>2,353,401</u>	7,601,026
Total Fund available for operations	11,085,942	2,408,830	7,601,026
Less: Total Payments during the period	<u>10,971,235</u>	<u>2,332,102</u>	7,545,597
Balance of project fund at the end of the year	114,707	76,728	55,429
B Cash Status:			
Cash at Bank	<u>114,707</u>	<u>76,728</u>	55,429
Total Cash on hand and in bank	114,707	76,728	55,429
Difference between A and B	<u>0</u>	-	-



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2022 4

14. Analysis of Variance

	Activities Within Components			Variance US\$
	Project Allocation US\$	Annual US\$	Actual Expenditure US\$	
Road Development & Mitigation of Negative Environmental Impacts	70,900,600	15,675,323	12,804,535	2,870,788
Social Infrastructure Measures & Institutional Support	1,377,400	-	-	-
Transport & Trade Facilitation	4,260,000	-	-	-
Project Management	11,331,600	622,832	498,802	124,030
Total	87,869,600	16,298,155	13,303,336	2,994,819

Variance Explanation


Variance is as a result of contractors not completing planned activities as anticipated ans as a result not submitting invoices for payment during the period under review




**STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2022**

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<i>In United States Dollars</i>	Janaury to December 2022	SPECIAL BUDGET YEAR December 2021	2020 March to 2021 June
Assets			
Cash and cash equivalent	114,707	76,728	55,429
Total Assets	<u>114,707</u>	<u>76,728</u>	<u>55,429</u>
Fund Balance			
Grants	114,707	76,728	55,429
Accumulated Fund Balance	<u>114,707</u>	<u>76,728</u>	<u>55,429</u>

 *March 31, 2023*
 Papin Daniels, Jr.
 Director, Donor Financed Projects
 PFMU, MFD P


 Rawlings Baco Kesselly
 Project Coordinator-MRU II
 MoPW



NOTES TO FINANCIAL STATEMENTS

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1. Background and Information of the Project

With support from the African Development Bank (AfDB); the MRU/RDFT Phase II - programme is to provide efficient road transport access to the South East and West counties of Liberia and the Western part of Cote d'Ivoire. The MRU/RDFT Phase II project was approved by the African Development Bank on **July 9, 2020** with a grant amount of **USD 87.8696 Million**. The aims of the project are:

1. **Road Development and mitigation of negative environmental impacts**
 - a. Road works. Construction of approximately sixty-seven kilometers of road to be undertaken as follows:-
 - i. upgrading approximately (a) forty-seven kilometers of gravel road to asphaltic concrete from Sanniquellie - Loguato on the Recipient's side to the border town of Gbeunta in Cote d'Ivoire; and (b) approximately twenty (20) Kilometers of gravel road to asphaltic concrete from Fish Town to Kelipo in Liberia; and
 - ii. Construction of the bridge at Loguato / Gbeunta Border.
 - b. Implementation of the Programme ESMP and the RAP; and
 - c. Civil works control and supervision for road and designs and supervision for the border Post civil works.
2. **Social Infrastructure measures and institutional support:** This component will include the following activities;
 - a. Construction of two (2) road side markets, three (3) separated toilets and three (3) boreholes along the Sanniquellie Loguato road section;
 - b. Carrying out activities to sensitize the communities and workers in the Programme areas, on inter alia HIV/AIDS, malaria, gender empowerment, sexual and reproductive health rights (SRHR) and road safety;
 - c. Undertaking a study on the urban mobility improvement in Monrovia; and
 - d. Providing professional courses and training for sector engineers and the PIU.
3. **Transport and Trade Facilitation:** This component will include the following activities;
 - a. Undertaking a study to examine the border procedures, processes and capacities of border authorities along the corridor, as part of the preparatory work required prior to the construction of the One-Stop Border post;
 - b. Raising awareness of road users and border control officers on interstate road transport facilitation measures;
 - c. Construction and equipment of one (1) stop Joint Border post and weighbridge or toll stations and health control posts between Cote d'Ivoire and Liberia at Loguato/Gbeunta border post;
 - d. Transport and trade facilitation soft aspects: implementation of a simplified trade regime for small scale cross border traders, construction of border markets and raising awareness for traders and border authorities on issues such as coordinated border management; and
 - e. Coordination of the regional component of the programme by the Recipient and the Republic of Cote d'Ivoire.
4. **Project Management:** This component will include the following activities;
 - a. Undertaking socio- economic impact monitoring and evaluation (M& E) of the Programme;
 - b. Carrying out financial and accounting audit as well as Technical and Road Safety Audit of the Programme;



NOTES TO FINANCIAL STATEMENTS (continued)

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- c. Provision of support to the accountant at the Programme Financial Management Unit (PFMU) at the Ministry of Finance and Development Planning and the Programme Procurement Officer;
- d. Developing and ensuring implementation and compliance with the visibility and communication plan;
- e. Developing and ensuring implementation and compliance with the visibility and communication plan;
- f. Ensuring compliance with the Environmental, Social and Gender safeguards;
- g. Ensuring regional coordination of the Transport Facilitation component; and
- h. Provision of material and logistical support to the Executing Agency

2. Use of Grant Proceeds

The table below sets out the categories of items to be financed out of the grant proceeds, the allocation of the amounts of the grant to each category and the percentage of expenditures for items to be financed in each category:

Category	Amount of grant allocated expressed in US\$	% of expenditure to be financed
Road Dev't & Mitigation of negative environmental impacts	70,900,600	100
Social Infrastructure measures and institutional support	1,377,400	100
Transport and Trade Facilitation	4,260,000	100
Project Management	11,331,600	100
Total	87,869,600 =====	

All categories of expenditure shown in these financial statements are fully financed based on the percentage below:

	% of Expenditure
AfDB	100
Total	100 =====



NOTES TO FINANCIAL STATEMENTS *(continued)*

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3. Significant Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS) as adopted by the Government of Liberia and in the manner required by the Project Agreement as required by the African Development Bank Policies and Procedures and PFMU's Financial Management manual.

Reporting currency

Financial reports have been presented in United States Dollars. Transactions denominated in other currencies are translated into United States Dollars and recorded at the rate of exchange ruling at the date of transactions. Balances denominated in other currencies are translated into United States Dollars at the rate of exchange prevailing on the reporting date.

Loan and Grant Receipts

Loan and Grant from donors for the MRU/RDTF Phase II project is recognized and reported in the Statement of Receipt and Payment as income when received and held in a bank account called Special income account for disbursement purposes. All payments for the MRU/RDTF Phase II project and activities are made from the special account.

Cash and bank balances

Cash consist of cash in hand and balance at bank.

Recognition of expenditure

All expenditures are expensed whether they are revenue or capital in nature and income is recognized when funds are received from the African Development Bank.

Tax

The project is 100 percent exclusive of tax.

Changes in Reporting and Comparative

This report consists of a special budget year for 6 months which runs from July 2021 to December 31, 2021. The special budget year came about when the GOL transitioned from fiscal year to the calendar year which started in 2022. Therefore comparison should be made between budget year 2022 (January - December 2022) and Fiscal Year June 30, 2021.



NOTES TO THE FINANCIAL STATEMENTS (continued)

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In United States Dollars	SPECIAL BUDGET YEAR			
	January to December 2022	July 2021 to December 2021	2020 March to 2021 June	Cumulative
4 Grant/Loan Receipt				
ADF -Loan - 2100150040093-P-Z1-DBO-172	317,890	149,390	371,320	838,600
Direct Payment				
ADF -Loan - 2100150040093-P-Z1-DBO-172	-	-	2,832,197	2,832,197
TSF -Grant- 5900155014201-P-Z1-DBO-172	90,800	-	2,832,197	2,922,997
EU - Loan- 5110155000258-P-Z1-DBO-172	8,250,520	2,204,011	1,245,312	11,699,843
EU - Loan 5900155016199-P-Z1-DBO-172	2,350,004	-	320,000	2,670,004
	11,009,214	2,353,401	7,601,026	20,963,640
Road Development & Mitigation of Negative Environmental Impacts				
5 Environmental Impacts				
Civil Works (Construction of Saniquelle to Loguato Lot 2)	9,976,327	1,891,935	6,563,146	18,431,408
Consultancy Services for the supervision of civil construction works (Saniquelle to Loguato Lot 2)	624,196	312,076	666,560	1,602,832
	10,600,524	2,204,011	7,229,706	20,034,240
6 Project Management				
M & E Services (Construction of Fish Town to Kelipo Lot 1 & Saniquelle to Loguato Lot 2)	11,825	6,450	-	18,275
Financial Audit (Construction of Fish Town to Kelipo Lot 1 & Saniquelle to Loguato Lot 2)	-	9,100	-	9,100
Procurement Specialist/Consultant	18,000	9,000	-	27,000
Environmental & Safeguard Specialist/Consultant	26,850	13,650	-	40,500
Feasibility & Communication Plan	7,625	5,215	-	12,840
Provision of Material & Logistical Support to Executing Agency	306,411	84,675	315,891	706,978
	370,711	128,090	315,891	814,693
7 Cash receipts through grant and other Sources				
AfDB grant & Loan	11,009,214	2,353,401	7,601,026	20,963,640
8 Cash paid				
Road Dev't & Mitigation of negative environmental impacts	10,600,524	2,204,011	7,229,706	20,034,240
Project Management	370,711	128,090	315,891	814,693
Total Payments	10,971,235	2,332,102	7,545,597	20,848,933



PROJECT DESIGNATED ACCOUNT STATEMENT

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Account Number: 001USD21320509429
Account Type: Current Account
Depository Bank (s): LBDI
Address: 9th Street, Sinkor
 Monrovia, Liberia

Currency: United States Dollar

	SPECIAL BUDGET YEAR		
	Janaury to December 2022	July 2021 to December 2021	2020 March to 2021 June
Total Grant Received	11,009,214	2,353,401	7,601,026
Total grant income reported	11,009,214	2,353,401	7,601,026
Amount spent	10,971,235	2,332,102	7,545,597
Balance as at beginning	76,728	55,429	-
Balance as at June 30, 2021	114,707	76,728	55,429
Closing Balance Consist of:			
ADF Account No. 2100150032544	114,707	76,728	55,429
	114,707	76,728	55,429

