



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**On the Financial Statement Audit of the
Public Financial Management Reforms for
Institutional Strengthening Project
(PFMRISP) P165000: Grant No. IDA D5060**

For the Period Ended December 31, 2022

June 2023

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



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June 30, 2023

Hon. Samuel D. Tweah, Jr.
Minister
Ministry of Finance and Development Planning
Corner of Broad and Mechlin Streets
Monrovia, Liberia

**Ref: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT
OF THE PUBLIC FINANCIAL MANAGEMENT REFORMS FOR
INSTITUTIONAL STRENGTHENING PROJECT (PFMRISP)**

Opinion

We have audited the accompanying financial statements of the Public Financial Management Reforms for Institutional Strengthening Project (PFMRISP) financed by the World Bank PFMRISP: P165000: Grant No. IDA D5060 for the fiscal period ended December 31, 2022, which comprise Receipts and Payments, Statement of Comparison of Budget and Actual Amounts and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Statements of Grant No. IDA D5060 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 (ISSAI). 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 entity 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 World 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 Statement of Receipts and Payments

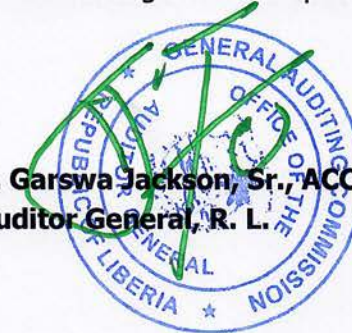
Management is responsible for the preparation and fair presentation of the Statement of Receipts and Payments in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting and for such internal control as Management determines is necessary to enable the preparation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

Auditor's Responsibility

Our responsibility is to express an opinion on Statement of Receipts and Payments based on our audit. We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) and the World Bank Guidelines. Those standards and the applicable World Bank guidelines required that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement of Receipts and Payments are free of material misstatement.

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

<i>In United States Dollars</i>	Notes	SPECIAL BUDGET YEAR		Cumulative	
		December 31, 2022	July 1, 2021 - December 31, 2021		June 2021
Receipt					
IDA 59690	4	5,499,232	275	7,433,533	15,824,365
Total Receipt		5,499,232	275	7,433,533	15,824,365
Payment					
Enhancement of Systems for Do- mestic Resource Mobilization	5	2,923,488	792,256	1,107,512	3,146,186
Stabilizing and Strengthening Fi- nancial Controls and Performance	6	1,580,277	640,740	1,238,417	1,844,700
Improved Oversight and Public- Sector Capacity	7	891,555	664,966	458,463	487,275
Improving Upstream and Down- stream PFM Service Delivery Sys- tems in Health and Education	8	6,696	784,521	353,145	4,761
Project Management & Just -in- Time Resources	9	565,868	403,490	596,348	732,381
Total Payments		5,967,885	3,285,973	3,753,886	6,215,303
Excess of receipts over payments (payments over receipts)		(468,653)	(3,285,698)	3,679,647	9,609,062
Fund Balance as at beginning		1,713,377	4,998,845	1,538,401	-
Cumulative fund balance		1,244,724	1,713,148	5,218,047	9,609,062

The notes on pages 8 to 13 are integral part of these project financial reports.

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

<i>In United States Dollars</i>	December 31, 2022	SPECIAL BUDGET YEAR July 1, 2021 - De- cember 31, 2021	June 2021
A Fund Balance			
Balance of Project Fund	1,713,377	4,998,845	1,538,401
Add: Total Receipts during the period	5,499,232	275	7,433,533
Total Fund available for operations	7,212,609	4,999,120	8,971,934
Less: Total Payments during the period	5,967,885	3,285,973	3,753,886
Balance of project fund at the end of the year	1,244,724	1,713,148	5,218,047
B Cash Status:			
Cash at Bank	1,244,724	1,713,148	5,218,047
Total Cash on hand and in bank	1,244,724	1,713,148	5,218,047
Difference between A and B	-	-	-

The notes on pages 8 to 13 are integral part of these project financial reports.

**STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE FISCAL
YEAR ENDED DECEMBER 31, 2022**

In United States Dollars


Activities Within Components	Project Alloca- tion	Annual	Actual Expendi- ture	Variance
	\$	\$	\$	\$
Enhancement of Systems for Domestic Resource Mobilization	7,790,000	3,742,666	3,715,744	26,922
Stabilizing and Strengthening Financial Controls and Performance	4,185,000	2,555,495	2,221,017	334,477
Improved Oversight and Public-Sector Capacity	2,620,000	2,255,284	1,556,521	698,762
Improving Upstream and Downstream PFM Service Delivery Systems in Health and Education	4,300,000	1,991,402	791,217	1,200,185
Project Management & Just -in-Time Resources	2,090,000	988,580	969,358	19,223
Total	20,985,000	11,533,427	9,253,857	2,279,570

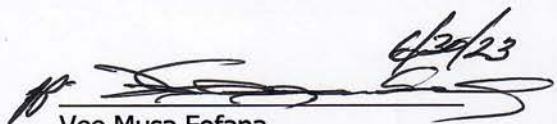
The notes on pages 8 to 13 are integral part of these project financial reports.

*Auditor General's Report on the Financial Statement Audit of the
Public Financial Management Reforms for Institutional Strengthening Project (PFMRISP)
for the fiscal period ended December 31, 2022*

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

<i>In United States Dollars</i>	Decem- ber 31, 2022	SPECIAL BUDGET YEAR	
		July 1, 2021 - De- cember 31, 2021	June 2021
Assets			
Cash and cash equivalent	1,244,724	1,713,148	5,218,047
Total Assets	1,244,724	1,713,148	5,218,047
Fund Balance			
Grants	1,244,724	1,713,148	5,218,047
Accumulated Fund Balance	1,244,724	1,713,148	5,218,047


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


6/24/23
Vee Musa Fofana
Project Manager – PMU
MFDP

The notes on pages 8 to 13 are integral part of these project financial reports.

NOTES TO THE FINANCIAL STATEMENTS

1. Background and Information of the Project

With support from the World Bank; the Public Financial Management Reforms for Institutional Strengthening -project is geared towards improving domestic revenue mobilization systems, and strengthen financial control and accountability in public finances. The PFMRISP project was approved by the World Bank on September 15, 2019, with a grant amount of USD 19 Million. The aims of the project are:

- i. To design to improve taxpayer service and compliance to mobilize sufficient resources for the delivery of public services
- ii. To design to finance the introduction of the IFMIS (including the Civil Service Module (CSM) in approximately 35 of the remaining 57 Ministries and Agencies 12, as well as stabilize and strengthen IFMIS implementation across MACs. It will also finance the integration of IFMIS and other IT systems, including the coverage of the Government's PFM systems and control for effective fiscal and financial accounting to allow for timely and accurate financial reporting.
- iii. Will boost internal and external oversight by strengthening core accountability and integrity institutions, as well as providing support for the ability of civil society to participate in evidence- based policy discussions.
- iv. To reduce the extent of existing core PFM-related bottlenecks within the chosen sectors that significant impede the goal of improved service delivery systems, a necessary pre-condition toward improving Liberia's human capital. The selected agencies-Ministry of Health (MoH) and Ministry of Education (MoE)-lack the administrative capacity to set realistic targets, evaluate results, and make use of performance assessments in their resource allocations and management decisions. The component will support strengthened coordination between various programs being implemented in the two sectors, including approaches and funding mechanisms. The component will help to streamline service delivery processes, avoid duplication, and prevent the increase of changes of corruption. It will also address the need to focus on key processes necessary to establish a planning and budgeting system that creates incentive to focus on and contribute to the improvement of service delivery outcomes
- v. To ensure the effective, proper management, and results-driven implementations of the project, as well as to provide the just-in0time interventions that may arise.

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:

NOTES TO THE FINANCIAL STATEMENTS (continued)

Category	Amount of grant allocated Expressed in US\$	% of Expenditure to be financed
Enhancing Domestic Revenue Mobilization Source and Systems	7,000,000	100
Stabilizing and Strengthening Performance of Financial Controls and Systems	3,200,000	100
Improving Public-Sector Capacity for Enhanced Oversight and Accountability	2,620,000	100
Improving Upstream and Downstream PFM Systems in Selected Sectors	4,300,000	100
Project Management	<u>1,880,000</u>	100
Total	<u>19,000,000</u>	

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

	% of Expenditure
IDA	100
Total	<u>100</u>

Tax

The project is 100 percent inclusive of tax. Taxes are withheld on consultants and vendors.

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) and in the manner required by the Project Grant Agreement as required by the World Bank's Operating Policies and Procedures and PFMU's Financial Management manual. This implies that all expenditures are expensed whether they are revenue or capital in nature and income is recognized when funds are received from the World Bank.

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Grant Receipts

Grant from the donors for the PFMRISP project is recognized and reported in the Statement of Receipt and payment as income when received and held in a bank account called deferred income account for transitory purposes.

Amounts approved for disbursement are transferred from the deferred account in to another bank account called the designated account. All payments for the PFMRISP project and activities are made from the designated account.

Cash and bank balances

Cash consist of cash in hand and balance at bank.

NOTES TO THE FINANCIAL STATEMENTS (continued)

<i>In United States Dollars</i>	December 31, 2022	July 1, 2021 - December 31, 2021	SPECIAL BUDGET YEAR	
			June 2021	Cumulative
4 Grant Receipt				
IDA D5060	2,695,175	-	5,958,533	11,544,733
IDA TF B3178	510,000	-	1,475,000	1,985,000
IDA D5060 - Direct Payment	2,293,907	-	-	2,293,907
Sale of bids	150	275	-	725
	5,499,232	275	7,433,533	15,824,365
5 Enhancement of Systems for Domestic Resource Mobilization				
Improve Tax Policy	265,983	125,066	113,256	360,482
Capacity Development and Strengthening the Technological Basis of Tax Admin- istration	2,657,505	667,189	994,257	2,785,703
	2,923,488	792,255	1,107,513	3,146,185
6 Stabilizing and Strengthening Financial Controls and Performance				
IFMIS Improvement & Rollout Support	1,280,215	307,132	930,640	1,428,283
Enhancing the Budget Framework	103,914	108,972	255,482	115,509
Preparing for Modernization of Procurement Systems in the Public Sector	195,137	214,051	31,400	289,327
Open Data	996	10,585	20,895	11,581
	1,580,262	640,740	1,238,417	1,844,700
7 Improved Oversight and Public-Sector Capacity				
Improving Parliamentary, Internal and External Oversight Effectiveness	585,273	577,249	338,670	424,415
Institutional Capacity Building	306,282	87,717	119,793	364,507
	891,555	664,966	458,463	788,922

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Improving Upstream and Downstream PFM Service Delivery Systems in Health and Education				
8	Strengthening Foundations for Improved PFM Systems in the Health and Education Sectors	6,696	34,425	353,145	4,761
	Improving PFM Systems in the Health and Education Sectors	-	750,096	-	-
		6,696	784,521	353,145	4,761
	Project Management & Just -in-Time Re- sources				
9	Project Management and Establishment of the PMU	565,868	403,490	596,348	732,381
		565,868	403,490	596,348	732,381
	Cash receipts through grant and other Sources				
10	IDA grant	5,499,232	275	7,433,533	15,824,365
	Cash paid				
11	Enhancement of Systems for Domestic Resource Mobilization	2,923,488	792,256	1,107,512	3,146,186
	Stabilizing and Strengthening Financial Controls and Performance	1,580,277	640,510	1,238,417	1,844,700
	Improved Oversight and Public-Sector Capacity	891,555	664,966	677,666	788,922
	Improving Upstream and Downstream PFM Ser- vice Delivery Systems in Health and Education	6,696	784,521	353,145	4,761
	Project Management & Just -in-Time Resources	565,868	403,490	596,348	732,381
	Total Payments	5,967,885	3,285,743	3,973,088	6,516,950

NOTES TO THE FINANCIAL STATEMENTS (Continue)
PROJECT DESIGNATED ACCOUNT STATEMENT

Account Number: 6101714182, 6101672542 & 6101829452
Account Type: Current Account
Depository Bank: Eco Bank Liberia Ltd.
Address: 11th Street, Sinkor
Monrovia, Liberia

Currency: United States Dollar

	<i>In United States Dollars</i>	SPECIAL BUDGET YEAR	<i>In United States Dollars</i>
	December 31, 2022	July 1, 2021 - December 31, 2021	June 2021
Total Grant Received	5,499,232	275	7,433,533
Total grant income reported	5,499,232	275	7,433,533
Amount spent	(5,967,870)	(3,285,744)	(3,973,089)
Balance as at beginning	1,713,377	4,998,845	1,538,401
Balance as at December 31, 2022	1,244,739	1,713,376	4,998,845
Closing Balance Consist of:			
Petty Cash- PMU	169	-	391
IDA Designated a/c - Eco Bank	(54,082)	1,344,725	3,920,524
AF Designated a/c - Eco Bank	25,974	41,032	-
IDA DLI a/c - Eco Bank	1,272,679	327,619	1,077,930
	1,244,740	1,713,376	4,998,845