



Promoting Accountability of Public Resources

# AUDITOR GENERAL'S REPORT



**On the Financial Statement Audit of the  
Recovery of Economic Activity for Liberia  
Informal Sector Employment (REALISE)  
Project,**

**REALISE Project: P174417:  
Credit Number: IDA D7830 & DA 68480**

**For the period July 1, 2021 to December 31,  
2022**

**June 2023**

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

**Table of Contents**

**Opinion ..... 3**  
**Basis for Opinion ..... 3**  
**Management's Responsibility ..... 3**  
**Auditor's Responsibility ..... 4**  
**Recovery of Economic Activity for Liberia Informal Sector Employment Project Financial  
Statements ..... 5**



**ACRONYMS USED**

<b>Acronyms/Abbreviations/Symbol</b>	<b>Meaning</b>
AFP	Audit Focal Person
AG	Auditor General
CGMA	Chartered Global Management Accountant
COSO	Committee of Sponsoring Organization
CPA	Certified Public Accountant
FSSs	Financial Statements
GOL	Government of Liberia
IAU	Internal Audit Unit
IDA	International Development Association
IFRs	Interim Financial Reports
INTOSAI	International Organization of Supreme Audit Institutions
IPSASs	International Public Sector Accounting Standards
ISSAIs	International Standards of Supreme Audit Institutions
OFM	Office of Financial Management
PSC	Project Steering Committee
PCO	Project Coordination Office
PIM	Project Implementation Manual
QPR	Quarterly Progress Report
REALISE	Recovery of Economic Activity for Liberia Informal Sector Employment (REALISE) Project
SOE	Statement of Expenditures
ToR	Term of Reference





## **AUDITOR GENERAL'S REPORT**

Hon. Dester Zeogar Wilson  
**Minister**  
Ministry of Youth and Sports  
Monrovia, Liberia

June 30, 2023

Dear Hon. Wilson:

### **RE: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE RECOVERY OF ECONOMIC ACTIVITY FOR LIBERIA INFORMAL SECTOR EMPLOYMENT (REALISE) PROJECT.**

#### **Opinion**

We have audited the accompanying financial statements of the Recovery of Economic Activity for Liberia Informal Sector Employment (REALISE) Project for the eighteen months ended December 31, 2022 financed through REALISE Project: P174417; Credit Number: IDA D7830 & DA 68480 which comprise the statements of 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 financial statements (REALISE Project: P174417: Credit Number: IDA D7830 & DA 68480) 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 explanatory notes for the period 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. 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'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 concern 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 REALISE Project Management is responsible for overseeing the Project's financial reporting process.

### **Auditor's Responsibility**

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.

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



**Monrovia, Liberia**

June 2023





**Recovery of Economic Activity for Liberia Informal Sector Employment Project Financial Statements**



## GENERAL INFORMATION

### PROJECT MANAGEMENT TEAM

**Project Financial Management Unit:**

Papin Daniels, CA, CPA  
Unit Director  
Project Financial Management Unit (PFMU)

Leroy 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:**

Jesse H. Bengu  
Project Coordinator  
Recovery of Economic Activity for Liberian Informal  
Sector Employment Project (REALISEP)

**Project Location:**

Ministry of Health  
Capitol Bye-Pass  
Liberia

**Banker:**

GT Bank (Liberia) Limited  
13<sup>th</sup> Street, Sinkor  
Monrovia

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

2

<i>In United States Dollars</i>	Notes	SPECIAL BUDGET YEAR July 1, 2021 -		
		December 31, 2022	December 31, 2021	Cummulative
<b>Receipt</b>				
IDA Grant	4	547,684	1,678,195	2,225,880
<b>Toptal Receipt</b>		<b>547,684</b>	<b>1,678,195</b>	<b>2,225,880</b>
<b>Payment</b>				
Grant Support to Vulnerable Households to Revive or Star Small Business	5	890,070	-	890,070
Temporary Employment Support and Employability Development For Vulnerable Workers	6	647,245	-	647,245
Capacity Building and Project Implementation and Coordination	7	507,127	105,288	612,415
<b>Total Payments</b>		<b>2,044,442</b>	<b>105,288</b>	<b>2,149,730</b>
Excess of receipts over payments (payments over receipts)		(1,496,757)	1,572,907	76,150
Fund Balance as at beginning		1,572,907	-	-
Cummulative fund balance		76,150	1,572,907	76,150

**NB: activities and amount highlighted are reclassified**

*The notes on pages 6 to 8 are integral part of these project financial reports*



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

3

**SPECIAL  
BUDGET  
YEAR**

**July 1, 2021 -  
December 31,  
2021**

<i>In United States Dollars</i>	Notes	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>A Fund Balance</b>			
<b>Balance of Project Fund</b>		<b>1,572,907</b>	-
Add: Total Receipts during the period		<b>547,684</b>	1,678,195
Total Fund available for operations		<b>2,120,592</b>	1,678,195
Less: Total Payments during the period		<b>2,044,442</b>	105,288
<b>Balance of project fund at the end of the year</b>		<b>76,150</b>	1,572,907
<b>B Cash Status:</b>			
Cash at Bank		<b>76,150</b>	1,572,907
<b>Total Cash on hand and in bank</b>		<b>76,150</b>	1,572,907
<b>Difference between A and B</b>		<b>0</b>	-

*The notes on pages 6 to 8 are integral part of these project financial reports*

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022** 4

**Analysis of Variance**

**Activities Within Components**

	Project Allocation US\$	Annual US\$	Actual Expenditure US\$	Variance US\$
Grant Support to Vulnerable Households to Revive or Star Small Business	3,520,000	1,308,915	890,070	418,845
Temporary Employment Support and Employability Development For Vulnerable Workers	5,280,000	1,655,050	647,245	1,007,805
Capacity Building and Project Implementation and Coordination	1,200,000	632,706	612,415	20,291
Contingent Emergency Response Component	-	-	-	-
<b>Total</b>	<b>10,000,000</b>	<b>3,596,671</b>	<b>2,149,730</b>	<b>1,446,941</b>

*The notes on pages 6 to 8 are integral part of these project financial reports*

**Variance Explanation**

All the activity could not be implemented during the period under review because all the data for the small businesses could not be obtained and late recruitment of service provider.


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


5

**SPECIAL  
BUDGET  
YEAR**

**July 1, 2021 -  
December 31,  
2021**

<i>In United States Dollars</i>	Notes	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Assets</b>			
Cash and cash equivalent		<u>76,150</u>	<u>1,572,907</u>
Total Assets		<u><u>76,150</u></u>	<u><u>1,572,907</u></u>
<b>Fund Balance</b>			
Grants		<u>76,150</u>	<u>1,572,907</u>
Accumulated Fund Balance		<u><u>76,150</u></u>	<u><u>1,572,907</u></u>

  
3/03/23  
 Papin Daniels, Jr.  
 Director, Donor Financed Projects  
 PFMU, MFDP

  
 Jesse H. Bengu  
 Project Coordinator-REALISE  
 MYS

*The notes on pages 6 to 11 are integral part of these project financial reports*



## 1. Background and Information of the Project

With support from the International Development Association; the Recovery of Economic Activity for Liberian Informal Sector Employment Project (REALISEP)- is to increase access to income earning opportunities for targeted informal sector enterprises and workers in response to the COVID-19 crisis in Liberia. The World Bank approved the LLAP project on February 12, 2021 with a Credit & Grant amount of USD 10,000,000.00. The Project consists of the following parts:

### **Component 1: Support to Vulnerable Informal Sector Enterprises**

This component will provide support to vulnerable micro- and small enterprises in the informal sector. Specifically, it will provide: i) business maintenance and recovery/development grants and training to existing informal micro- and small enterprises; and ii) technical support and grants to start new viable micro- and small enterprises in the informal sector in urban areas.

### **Component 2: Temporary Employment Support and Employability Development for Vulnerable Workers**

This component will provide temporary employment and employability development for vulnerable workers struggling to find gainful employment and opportunities in the aftermath of COVID-19 crisis. It will build on a long history of cash-for-work programs in Liberia, which has been utilized by the Government to address employment challenges following the civil war as well as economic crises such as the food, fuel, and financial crisis.

### **Component 3: Program Implementation, Capacity Building and Coordination**

This component will support: (i) Government and other actors capacity strengthening for the coordination, design, and implementation; (ii) the administrative, technical, and financial management of the project by Project Implementation Unit (PIU) under the oversight of Project Steering Committee; (iii) the coordination among all institutional partners to ensure the efficient flow of information among all actors and coordination with the private sector; (iv) the establishment of monitoring and evaluation mechanism of the project's results and impact; (v) the development of communication activities to publicize and disseminate project results, best practices, and success stories; (vi) impact evaluations.

### **Component 4: Contingency Emergency Response Component (CERC)**

This component would be a Contingent Emergency Response Component (CERC). This is a provisional zero amount component to allow for rapid reallocation of loan proceeds from other project components during an emergency.

## 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:

Amount of	grant allocated expressed in US\$	% of expenditure to be financed
Category		
Grant Support to Vulnerable Households to Revive or Star Small Business	3,520,000	100
Temp. Employ Supp. & Employability Dev. For Vulnerable Workers	5,280,000	100
Capacity Building and Project Implementation and Coordination	1,200,000	100
Contingent Emergency Response Component	0	100
<b>Total</b>	<b>10,000,000</b> =====	

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

	% of Expenditure
IDA grant	100
<b>Total</b>	<b>100</b> =====

### 3. Significant Accounting Policies

#### Basis of accounting

The financial statements have been prepared in accordance with the Cash Basis for 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.

#### 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 Receipts

Loan from donors for the REALISE project is recognized and reported in the Statement of Receipt and Payment as income when received and held in a bank account called designated income account for disbursement purposes. All payments for the REALISE project and activities are made from the designated 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 World Bank.

#### Tax

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

#### 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)

8

	SPECIAL BUDGET YEAR		
	December 31, 2022	December 31, 2021	July 1, 2021 - Cumulative
<i>In United States Dollars</i>			
<b>4 Grant Receipt</b>			
IDA 6848-LR	273,842	839,098	1,112,940
Grant D 7830 LR	273,842	839,098	1,112,940
	<u>547,684</u>	<u>1,678,195</u>	<u>2,225,880</u>
<b>5 Grant Support to Vulnerable Households to Revive or Star Small Business</b>			
Grant Support to Vulnerable Households to Revive or Star Small Business	890,070	-	890,070
	<u>890,070</u>	<u>-</u>	<u>890,070</u>
<b>6 Temporary Employment Support and Employability Development For Vulnerable Workers</b>			
Temporary Employment Support and Employability Development For Vulnerable Workers	647,245	-	647,245
	<u>647,245</u>	<u>-</u>	<u>647,245</u>
<b>7 Capacity Building and Project Implementation and Coordination</b>			
Capacity Building and Project Implementation and Coordination for MYS	290,981	55,129	346,110
Capacity Building and Project Implementation and Coordination for LACIE	216,146	50,159	266,305
	<u>507,127</u>	<u>105,288</u>	<u>612,415</u>
<b>8 Cash receipts through grant and other Sources</b>			
IDA grant	547,684	1,678,195	2,225,880
<b>9 Cash paid</b>			
Grant Support to Vulnerable Households to Revive or Star Small Business	890,070	-	890,070
Temporary Employment Support and Employability Development For Vulnerable Workers	647,245	-	647,245
Capacity Building and Project Implementation and Coordination	507,127	105,288	612,415
<b>Total Payments</b>	<u>2,044,442</u>	<u>105,288</u>	<u>2,149,730</u>



**PROJECT DESIGNATED ACCOUNT STATEMENT**

9

**Account Number:** 0324037/002/0001/000,0324037/002/0001/001  
0324037/002/0001/002  
**Account Type:** Current Account  
**Depository Bank (s):** GT Bank Liberia, Limited  
**Address:** 13th Street Sinkor  
Monrovia, Liberia

**Currency: United States Dollar**

	<b>December 31, 2022</b>	<b>SPECIAL BUDGET July 1, 2021 - December 31,</b>
Total Grant Received	547,684	1,678,195
<b>Total grant income reported</b>	<b>547,684</b>	<b>1,678,195</b>
Amount spent	2,044,442	105,288
Balance as at beginning	1,572,907	-
<b>Balance as at December 31, 2022</b>	<b>76,150</b>	<b>1,572,907</b>
<b>Closing Balance Consist of:</b>		
Petty Cash - MYS	-	-
Petty Cash - LACE	-	-
Designated A/c	1,794	130
LACE- Operational A/c	17,472	706,658
MYS- Operational A/c	56,885	866,119
	<b>76,150</b>	<b>1,572,907</b>