



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



On The Liberia Sustainable Management of Fisheries Project (LSMFP) Financial Statements

For The Period Ended December 31, 2022

June 2023

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

Table of Contents

Basis for Qualified Opinion	5
Opinion	5
Management Responsibility	5
Auditor General's Responsibility.....	5
LSMFP FINANCIAL STATEMENTS DECEMBER 31, 2022.	7

Republic of Liberia



TRANSMITTAL LETTER

**THE HONORABLE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE
HONORABLE PRESIDENT PRO- TEMPORE OF THE HOUSE OF SENATE**

We have undertaken a Financial Statement audit of the Liberia Sustainable Management of Fisheries Project for the period ended December 31, 2022. The audit was conducted in line with Section 2.1.3 of the General Auditing Commission (GAC) Act of 2014.

Findings conveyed in this report were formally communicated to the authorities of the Liberia Sustainable Management of Fisheries Project for their responses. The reportable issues were submitted through a Management Letter. Where responses were provided, they were evaluated and were incorporated in this report.

Given the significance of the matters raised in this report, we urge the Honorable Speaker and Members of the House of Representatives and the Honorable Pro- Tempore and Members of the Liberia Senate to consider the implementation of the recommendations conveyed in this report with urgency.

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

Monrovia, Liberia
June 2023

AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AUDIT OF THE LIBERIA SUSTAINABLE MANAGEMENT OF FISHERIES PROJECT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2022.

Opinion

We have audited the accompanying financial statements of the Liberia Sustainable Management of Fisheries Project (LSMF) Project: P172012, LOAN No. IDA V3100, IDA D9070 & IDA 69850 for year ended December 31, 2022 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 present fairly, in all material respects, the Statement of Receipts and Payments as at 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 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 Liberia Sustainable Management of Fisheries (LSMF) Project Implementing Unit (PIU) of National Fisheries and Aquaculture Authority (NaFAA) 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 in accordance with ISSAIs involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Monrovia, Liberia
June 2023

LSMFP FINANCIAL STATEMENTS DECEMBER 31, 2022.



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

2

<i>In United States Dollars</i>	Notes	January to December 31, 2022	July 1, 2021 - December 31, 2021	Cummulative
Receipt				
IDA Grant	4	5,226,491	1,824,049	8,901,161
Total Receipt		<u>5,226,491</u>	<u>1,824,049</u>	<u>8,901,161</u>
Payment				
Component 1	5	2,139,593	-	2,139,593
Component 2	6	331,335	-	331,335
Project Management	7	809,675	-	809,675
Project Preparation Advance	8	2,012	826,920	2,185,997
Total Payments		<u>3,282,614</u>	<u>826,920</u>	<u>5,466,600</u>
Excess of receipts over payments (payments over receipts)		1,943,877	997,130	3,434,561
Fund Balance as at beginning		<u>1,491,284</u>	<u>494,155</u>	-
Cummulative fund balance		<u><u>3,435,161</u></u>	<u><u>1,491,284</u></u>	<u><u>3,434,561</u></u>

The notes on pages 12 to 17 are integral part of these financial reports.

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

3

<i>In United States Dollars</i>	Notes	January to December 31, 2022	July 1, 2021 - December 31, 2021
A Fund Balance			
Balance of Project Fund		1,491,284	494,155
Add: Total Receipts during the period		5,226,491	1,824,049
Total Fund available for operations		6,717,775	2,318,204
Less: Total Payments during the period		3,282,614	826,920
Balance of project fund at the end of the year		3,435,161	1,491,284
B Cash Status:			
Cash at Bank		3,435,161	1,491,284
Total Cash on hand and in bank		3,435,161	1,491,284
Difference between A and B		-	-

The notes on pages 12 to 17 are integral part of these financial reports.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022
Uses of Funds By Activity Within Components

4


Activities Within Components	Project Allocation US\$	Annual Budget US\$	Year to date Expenditure US\$	Variance US\$	% of Variance
Component 1	11,110,000	3,839,400	2,139,593	1,699,807	44
Component 2	21,000,000	2,022,400	331,335	1,691,065	84
Component 3	2,000,000	710,680	0	710,680	100
Component 4	5,890,000	1,892,778	811,687	2,048,941	108
GRAND TOTAL	40,000,000	9,283,108	3,282,614	5,842,319	63


The notes on pages 12 to 17 are integral part of these financial reports.



STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2022

<i>In United States Dollars</i>	January to December 31, 2022	July 1, 2021 - December 31, 2021
Assets		
Cash and cash equivalent	<u>3,435,161</u>	1,491,284
Total Assets	3,435,161	1,491,284
Fund Balance		
Grants	<u>3,435,161</u>	1,491,284
Accumulated Fund Balance	<u><u>3,435,161</u></u>	<u><u>1,491,284</u></u>


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


30-06-2023
 Lawrence Issah Braimah (Dr)
 Project Coordinator
 LSMFP, NAAFA

The notes on pages 12 to 17 are integral part of these financial reports.

NOTES TO FINANCIAL STATEMENTS

6

1. Background and Information of the Project

With support from the International Development Association; the Liberia Sustainable Management of Fisheries Project is to improve fisheries management and enhance livelihood and income for government and targeted beneficiaries. The project design is based on a holistic and integrated approach focusing on the fisheries sector by (a) improving governance and management reforms, developing human and institutional capacity, and improving policies, strategies, institutional and legal frameworks; (b) supporting activities that aim at increasing the national value addition provided by the fisheries sector, such as the establishment of an industrial and artisanal fish landing sites at the Mesurado Pier, Monrovia, toward improving conditions for industrial fish landing and for export of high-value fish species and fish products; and (c) supporting marine fisheries production. The World Bank approved the Liberia Sustainable Management of Fisheries Project on January 21, 2020 with a grant amount of USD 3,678,895.56.

The Project consists of the following components:

Component 1: Improving management of selected fisheries

Sub-component 1.1. Institutional strengthening and capacity building.

This sub-component will support ongoing reforms of key aspects of the sector's institutional, policy and legislative regimes, and also strengthen and equip national and sub-national fisheries institutions with capacity to sustainably manage the sector and fisheries resources. The component will also support enhancing cooperation and coordination mechanisms and capacity building across the various sector actors.

Sub-component 1.2. Improving management of selected fisheries.

This sub-component will sustain and enhance the national fisheries reform results obtained during the WARF-P project and prepare Liberia for the long-term goal of sustainable fisheries sector growth led by the private sector and embracing stronger and sustained participation by fishing communities.

Component 2: Improving handling of fish and fish products

Sub-component 2.1. Strengthening national post-harvest value systems.

This sub-component will support (i) procurement of fishing equipment and gears, including fiber glass semi-industrial vessels for piloting in 9 counties; (ii) expansion of the NaFAA office to create additional work space for project and NaFAA staff; (iii) construction/expansion of the fishery hub at the Mesurado pier which is under development in Monrovia to provide for a semi industrial and artisanal fish landing site with shore facilities for fish auction, processing and marketing, and provision for private sector investment in ice production and chill storage.

Sub-component 2.2. Support focused on women.

As women are important players in the fisheries sector in Liberia, particularly in the post-harvest sector, the project will have specific activities to support women and women entrepreneurship development, including financial management.

Component 4: Support to Aquaculture Development

This component will support hatchery support and strengthen extension and advisory services, deepening the engagement of private sector in aquaculture and promoting climate smart technology in aquaculture for enhanced productivity.

Component 4: Project management

This component will support the implementation, management, coordination and oversight of the proposed project, including establishing and implementing a simple and smart monitoring and evaluation (M&E) system, and training of the implementing entities on applying the new World Bank's environmental and social framework (ESF) and standards (ESS). Among others, this component will also finance the establishment and operations of project implementation units/entities (PIUs), including the salaries of staff hired to implement the proposed project. Furthermore, the component will provide funds for new and relevant studies identified and agreed during implementation of the project. Funds from this component can also be used to prepare follow on projects or additional financing.

NOTES TO FINANCIAL STATEMENTS

7

Project Preparation Advance

The Government will be submitting a request for a project preparatory advance (PPA) to finance a number of preparatory activities, including consultancy services and studies, non-consultancy services, operation and maintenance as well salaries of project staff. The estimate under the PPA amounts to US\$3,678,895.56 and will be part of the total project envelope of US\$40 million.

2. Use of Grant Proceeds

The table below sets out the activities to be financed out of the grant proceeds, the allocation of the amounts of the grant to each activity is shown below:

Activities	Amount of grant allocated US\$
Improving management of selected fisheries	11,110,000.00
Improving handling of fish and fish products	21,000,000.00
Support to Aquaculture	2,000,000.00
Project management	3,704,602.78
Project Preparation Advance	<u>2,185,397.22</u>
	<u>40,000,000.00</u>

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

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

NOTES TO FINANCIAL STATEMENTS

8

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 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 LSMF 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 into another bank account called the designated account. All payments for the LSMF 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9

<i>In United States Dollars</i>	January to December 31, 2022	July 1, 2021 - December 31, 2021	Cumulative
4 Grant			
Grant Receipt			
IDA V3100	-	1,528,044	3,030,440
IDA D9070	4,002,582	-	4,002,582
Direct Payments			
IDA V3100	-	296,005	642,415
IDA D9070	1,223,409	-	1,223,409
Other Receipts	500	-	2,315
	<u>5,226,491</u>	<u>1,824,049</u>	<u>8,901,161</u>
5 Improving management and governance of fisheries			
Institutional Strengthening and Capacity Building	419,335	-	419,335
Improving Management of Selected Fisheries	642,212	-	642,212
Support to management of information on fisheries	1,077,296	-	1,077,296
Support to community-led fisheries management	750	-	750
	<u>2,139,593</u>	<u>-</u>	<u>2,139,593</u>
6 Improving value - addition of fish and fish products			
Strengthening national post-harvest value systems	330,435	-	330,435
Support focus on women	900	-	900
	<u>331,335</u>	<u>-</u>	<u>331,334.82</u>
7 Project Management	809,675	-	809,675
8 Project Preparation Advance	2,012	826,920	2,185,997
9 Cash receipts through grant and other Sources			
IDA grant	5,226,491	1,824,049	8,901,161

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

10

<i>In United States Dollars</i>	January to December 31, 2022	July 1, 2021 - December 31, 2021	Cummulative
10 Cash paid			
Improving management and governance of fisheries	2,139,593	-	2,139,592.67
Improving value - addition of fish and fish products	331,335	-	331,334.82
Project Management	809,675	-	809,674.79
Project Preparation Advance	2,012	826,920	2,185,997
Total Payments	3,282,614	826,920	5,466,600

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
PROJECT DESIGNATED ACCOUNT STATEMENT

Account Number: 6101700972
Account Type: Current Account
Depository Bank: Ecobank (Liberia) Limited
Address: 11th Street, Sinkor
Monrovia, Liberia

Currency: United States Dollar

	January to December 31, 2022	July 1, 2021 - December 31, 2021
Total Grant Received	<u>5,226,491</u>	<u>1,824,049</u>
Total grant income reported	5,226,491	1,824,049
Amount spent	3,282,614	826,920
Balance as at beginning	<u>1,491,284</u>	<u>494,155</u>
Balance as at December 31, 2022	<u>3,435,161</u>	<u>1,491,284</u>
Closing Balance Consist of:		
Petty Cash-LSMFP	-	1,222
Petty Cash-CMA	-	790
Eco Bank (6101700972)	-	1,489,272
Eco Bank (6101852102)	<u>3,435,161</u>	-
	<u>3,435,161</u>	<u>1,491,284</u>