



**Promoting Accountability of Public Resources**

# **AUDITOR GENERAL'S REPORT**

**On the Financial Statement Audit of the  
AFDP- Scaling Up The Participation of Small and  
Medium Sized Enterprises in the secondary Wood  
process Industry in Liberia (FAPA) Project  
FAPA Grant No ADF No. 5700155003201**



**January 2021 to June 2022**

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

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### **Acronyms/Abbreviations**

<b>Acronyms/Abbreviations</b>	<b>Meaning</b>
ACCA	Association of Chartered Certified Accountants
AFDB	African Development Bank
BQR	Beneficiary Quarterly Reports
CFIP	Certified Forensic Investigation Professional
CFC	Chartered Financial Consultant
DA	Designated Account
FAPA	Fund for African Private Sector Assistance
PFM	Project Financial Management Manual
GAC	General Auditing Commission
GOL	Government of Liberia
SME	Small and Medium Sized Enterprises
IPSA	International Public Sector Accounting framework
INTOSAI	International Organization of Supreme Audit Institutions
ISAs	International Standards on Auditing
ISSAIs	International Standards of Supreme Audit Institutions
PFMU	Public Financial Management Unit
PMT	Project Management Team
POM	Project Operational Manual
PPA	Project Preparation Advance
PIU	Project Implementation Unit (Same as PMT)
SOE	Statement of expenditure
US\$	United States Dollar

**Republic of Liberia**



**AUDITOR GENERAL'S REPORT**

June 30, 2023

Hon. C. Mike Doryen  
**Managing Director**  
Forestry Development Authority (FDA)  
Bernard Farm, Paynesville  
Monrovia, Liberia

Dear Hon. Doryen:

**AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE AfDB- SCALING UP THE PARTICIPATION OF SMALL AND MEDIUM SIZED ENTERPRISES IN THE SECONDARY WOOD PROCESSING INDUSTRY IN LIBERIA (SME-FAPA) PROJECT FOR THE PERIOD JANUARY 1, 2021 to JUNE 30, 2022.**

**Opinion**

We have audited the accompanying financial statements of Secondary Wood Processing Industry in Liberia (SME-FAPA), **Grant No ADF No. 5700155003201** for the period ended June 30, 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 Secondary Wood Processing Industry in Liberia (SME-FAPA), Project Implementing Unit (PIU)

of the Forestry Development Authority (FDA) 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.

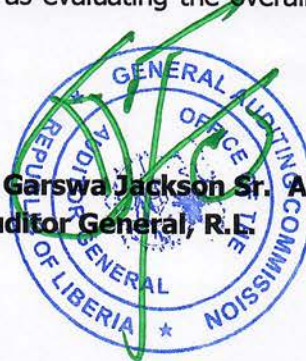
### **Auditor's Responsibilities**

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 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.

**Monrovia, Liberia**  
June 2023

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



**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:**

Edward S. Kamara  
Project Coordinator  
The Secondary Wood Processing Industry In Liberia  
(FAPA)  
Project Management Unit (PMU)

**Project Location:**

Ministry of Finance & Development Planning  
Broad and Mechlin Street  
Liberia

**Bankers:**

Liberian Bank for Development & Investment (I-BDI)  
9<sup>th</sup> Street Sinkor  
Monrovia

**STATEMENT OF RECEIPTS AND PAYMENTS  
FOR THE PERIOD ENDED JUNE 30, 2022**

<i>In United States Dollars</i>	Notes	January 2021 to June 2022	July 2019 to December 2020	Cumulative
<b>Receipt</b>				
AfDB Grant	4	550,000	450,000	1,000,000
<b>Total Receipt</b>		<u>550,000</u>	<u>450,000</u>	<u>1,000,000</u>
<b>Payment</b>				
Component 1: Capacity Building	5	453,448	181,112	193,560
Component 2: Organizational Support to local Producers	6	180,850	12,710	155,739
Component 3: Project Management & Institutional Support	7	127,513	28,226	-
<b>Total Payments</b>		<u>761,811</u>	<u>222,048</u>	<u>349,299</u>
<b>Excess of receipts over payments (payments over receipts)</b>		<u>(211,811)</u>	<u>227,952</u>	<u>650,701</u>
<b>Fund Balance as at beginning</b>		<u>227,952</u>	<u>-</u>	<u>-</u>
<b>Cummulative fund balance</b>		<u>16,141</u>	<u>227,952</u>	<u>650,701</u>

**STATEMENT OF FUND BALANCE AND CASH STATUS  
FOR THE PERIOD ENDED JUNE 30, 2022**

<i>In United States Dollars</i>	Notes	January 2021 to June 2022	July 2019 to December 2020
<b>A Fund Balance</b>			
Balance of Project Fund		227,952	-
Add: Total Receipts during the period		<u>550,000</u>	<u>450,000</u>
Total Fund available for operations		777,952	450,000
Less: Total Payments during the period		<u>761,811</u>	<u>222,048</u>
Balance of project fund at the end of the year		16,141	227,952
<b>B Cash Status:</b>			
Cash at Bank		<u>16,141</u>	<u>227,952</u>
Total Cash on hand and in bank		<u>16,141</u>	<u>227,952</u>
Difference between A and B		<u><u>0</u></u>	<u><u>-</u></u>



**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FROM JANUARY 2021 T JUNE 30, 2022**

**11. An analysis of Variance**

**Activities Within Components**

	Project Allocation	Budget	Actual Expenditure	Variance
	US\$	US\$	US\$	US\$
Component 1: Capacity Building	640,000	464,770	453,448	11,321.98
Component 2: Organizational Support to local Producers	210,000	184,000	180,850	3,150.30
Component 3: Project Management & Institutional Support	150,000	144,013	127,513	16,499.65
<b>Grand Total</b>	<b>1,000,000</b>	<b>792,783</b>	<b>761,811</b>	<b>30,972</b>

*The notes on pages 6 to 9 are integral part of these project financial report*


**Variance Explanation**


The amount of US\$30,972 were spent on project activities at the closing stages of the project under commitment payments, such as activities including vehicle rental services, audit fees and project evaluation and completion fees.



**STATEMENT OF FINANCIAL POSITION  
FOR THE PERIOD ENDED JUNE 30, 2022**

<i>In United States Dollars</i>	Notes	January 2021 to June 2022	July 2019 to December 2020
<b>Assets</b>			
Cash and cash equivalent		<u>16,141</u>	227,952
Total Assets		<b>16,141</b>	227,952
<b>Fund Balance</b>			
Grants		<u>16,141</u>	227,952
Accumulated Fund Balance		<u><u>16,141</u></u>	<u>227,952</u>

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

 June 30, 2023  
**Edward S. Kamara**  
**Project Coordinator**  
**Forestry Development Agency**

**NOTES TO FINANCIAL STATEMENTS**

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**1. Background and Information of the Project**

With support from the African Development Bank (AfDB); the Secondary Wood Processing Industry project is geared towards promoting the private sector by scaling up the participation of Small and Medium Scale Enterprises (SMEs) in the secondary wood processing industry to promote inclusive green growth, employment and economic diversification in the Republic of Liberia. The Secondary Wood Processing Industry project was approved by the African Development Bank on December 06, 2018 with a grant amount of USD 1.000 Million. The aims of the project are:

- i. **Capacity Development:** this component will involve in the generation of baseline information as well as the assessment of the needs of the targeted beneficiaries;
- ii. **Support local carpenters and furniture makers:** this will focus on organizing carpenters and furniture makers, with specific focus on the youth into associations to take advantage of market, and integrate factors such as equipment, better transportation, group sales and market information; and
- iii. **Project Management and additional supports:** this will involve the provision of institutional of management support to government departments, supervision of project activities and outcomes.

**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
Capacity Development	640,000	100
Organizational support to local producers	310,000	100
Project Management and coordination	50,000	100
<b>Total</b>	<b>1,000,000</b>	

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

	% of Expenditure
AfDB	100
<b>Total</b>	<b>100</b>

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 Receipts**

Loan from donors for the FAPA 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 FAPA 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. Comparison cannot be made because the project closed in June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)

<i>In United States Dollars</i>	January 2021 to June 2022	July 2019 to December 2020	Cumulative
<b>Grant Receipt</b>			
ADF No 5700155003201	550,000	450,000	1,000,000
Other	-	-	-
	<b>550,000</b>	<b>450,000</b>	<b>1,000,000</b>
<b>5 Component I: Capacity Building</b>			
<b>5a Capacity Development Service</b>			
Support to establish Terms of References (TOR)	654	-	654
Support to recruit the qualified and selected individual consultant to conduct baseline and needs	10,560	27,265	37,825
Support to secure rental vehicle SUV Jeep to help the mobility of the recruited consultant in conducting the baseline and needs assessment studies	10,625	22,870	33,495
Support for Project seconded staff Daily Subsistence Allowance	6,400	4,385	10,785
Support to facilitate a workshop with relevant stakeholders to validate the draft baseline and needs assessment documents	37,790	28,475	66,265
	<b>66,029</b>	<b>82,995</b>	<b>149,024</b>
<b>5b Put In Place Monitoring &amp; Evaluation System (Service)</b>			
Support to establish Terms of References (TOR)	-	11,900	11,900
Support to recruit the qualified and selected individual consultant to develop M & E System	2,514	11,844	14,358
Support to secure rental vehicle (Sedan) to facilitate the mobility of the recruited consultant in developing M & E System	-	3,325	3,325
Support for Project seconded staff Daily Subsistence Allowance	4,050	12,210	16,260
Support to facilitate a workshop with relevant stakeholders to validate the draft M & E documents	6,844	10,575	17,419
	<b>13,408</b>	<b>49,854</b>	<b>63,262</b>
<b>Building Capacities on Enterprise Development Modules and tree identification (Service)</b>			
<b>5c</b>			
Support to establish Terms of References (TOR)	17,387	-	17,387
Support to recruit consultancy firm to develop training modules, provide capacity building for 60 furniture makers	322,324	48,263	370,587
Provide external training	24,550	-	24,550
Vehicle Rental Students CB	9,750	-	9,750
Support to Project seconded staff daily Sustenance Allowance DSA	-	-	-
	<b>374,010</b>	<b>48,263</b>	<b>422,274</b>
<b>Subtotal</b>	<b>453,448</b>	<b>181,112</b>	<b>634,560</b>

NOTES TO THE FINANCIAL STATEMENTS (continued)

<i>In United States Dollars</i>	January 2021 to June 2022	July 2019 to December 2020	Cumulative
<b>6 Component 2: Organizational Support to local Producers</b>			
Support to TC review of inception, first PAFA Beneficiary Quarterly Reports BQR's	26,550	12,710	39,260
Support for retreat Workshop to build the capacity of the implementing Unit	33,890	-	33,890
Organization Support to Local Procedures	120,410	-	120,410
	<u>180,850</u>	<u>12,710</u>	<u>193,560</u>
<b>7 Component 3: Project Management &amp; Institutional Support</b>			
Support to organize Project inception workshops to inform the stakeholders about the project implementation and prepare the PAFA Beneficiary Quarterly reports BQR's	127,513	28,226	155,739
	<u>127,513</u>	<u>28,226</u>	<u>155,739</u>
<b>8 Cash receipts through grant and other Sources</b>			
AFDB grant	550,000	450,000	1,000,000
<b>9 Cash paid</b>			
Component 1: Capacity Building	453,448	181,112	634,560
Component 2: Organizational Support to local Producers	180,850	12,710	193,560
Component 3: Project Management & Institutional Support	127,513	28,226	155,739
<b>Total Payments</b>	<u>761,811</u>	<u>222,048</u>	<u>983,859</u>

**PROJECT DESIGNATED ACCOUNT STATEMENT**

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**Account Number:** 001USD21320509430  
**Account Type:** Current Account  
**Depository Bank:** Liberia Bank for Development and Investment  
**Address:** 9th Street, Sinkor  
 Monrovia, Liberia

**Currency:** United States Dollar

	<b>January 2021 to June 2022</b>	<b>July 2019 to December 2020</b>
Total Grant Received	550,000	450,000
<b>Total grant income reported</b>	<b>550,000</b>	<b>450,000</b>
Amount spent	761,811	222,048
Balance as at beginning	227,952	-
<b>Balance as at June 30, 2021</b>	<b>16,141</b>	<b>227,952</b>
<b>Closing Balance Consist of:</b>		
Special Account - LBDI	(359)	227,952
Petty Cash	-	-
FAPA Escrow Account	16,500	-
	<b>16,141</b>	<b>227,952</b>