AUDITOR'S REPORT
ON THE
STATEMENT OF EXPENDITURES
OF
"STRENGTHENING EXTERNAL AUDIT"
IMPLEMENTED
BY THE
GENERAL AUDITING COMMISSION (GAC)
FOR THE YEAR ENDED
JUNE 30, 2016

PROJECT MANAGEMENT

IMPLEMENTATION UNIT: GENERAL AUDITING COMMISSION (GAC)
“STRENGTHENING EXTERNAL AUDIT”

FINANCIAL MANAGEMENT: MINISTRY OF FINANCE AND DEVELOPMENT PLANNING
PROJECT FINANCIAL MANAGEMENT UNIT (PFMU)

PROJECT OFFICIALS:

“STRENGTHENING EXTERNAL AUDIT” Liberia Project,

1. Yusador S. Gaye, CPA-Auditor General (GAC)
2. Mr. John L. Greaves II-Director of Administration (GAC)
3. Mr. Cooper Magbollah-Comptroller (GAC)

Project Financial Management Unit, Ministry of Finance

1. Dr. Christopher Sokpor, Unit Manager
2. Dr. Salia Hussein, Senior Project Accountant
3. Mr. Subozu Kollie, Project Internal Auditor

AUDITORS

MGI MONBO & COMPANY
Certified Public Accountants
2nd Floor King’s Building
Corner Broad & Gurley Streets
Monrovia, Liberia
Independent Auditor’s report on the Statement of Expenditures

Project Steering Committee and the World Bank
Project Financial Management Unit (PFMU)
Ministry of Finance and Development Planning
Republic of Liberia

We have audited the accompanying Statement of Expenditures of the Credit Number 5026-LR “Strengthening External Audit” implemented by the General Auditing Commission (GAC) of the Government of Liberia for the year ended June 30, 2016 and have obtained all related information required.

Management responsibility for the statement of expenditures
The management of the General Auditing Commission and the Project Financial management Unit (PFMU) are responsible for the preparation and fair presentation of the statement of expenditures.

Auditor’s Responsibility
Our responsibility is to express opinion on the statement of expenditures based on our audit. Our audit was conducted in accordance with international Standards on Auditing and in accordance with applicable World Bank guidelines. These standards and the applicable World Bank guidelines required that we plan perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion, the statement of expenditures referred to above presents fairly in all material respects the authorized expenditures of the Credit Number 5026-LR “strengthening External Audit”, General Auditing Commission, Liberia for the year then ended June 30, 2016 in accordance with Cash Basis International Public Sector Accounting Standards (IPSAS).

Additionally, with respect to the Statement of Expenditures (SOEs), sufficient supporting documentation has been maintained in accordance with Cash Basis IPSAS and applicable World Bank guidelines. The expenditures are fully eligible under the International Development Association (IDA) Grant agreement.

MGI-Monbo & Company,
Certified Public Accountants
Date: December 6, 2016

Ministry of Finance and development Planning
"Strengthening External Audit" General Auditing Commission
Statement of expenditures

<table>
<thead>
<tr>
<th>Notes</th>
<th>Budget</th>
<th>Cumulative to June 30, 2016</th>
<th>July 1-June 30, 2016</th>
<th>30-Jun-15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
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<td>3.1</td>
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<tr>
<td>Audit Training</td>
<td></td>
<td></td>
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<tr>
<td>Public &amp; Environmental Audit Training</td>
<td>641,509</td>
<td>559,211.65</td>
<td>14,004</td>
<td>86,664</td>
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<tr>
<td>Total Audit Training</td>
<td>641,509</td>
<td>559,211.65</td>
<td>14,004</td>
<td>86,664</td>
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<tr>
<td>3.2</td>
<td></td>
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<tr>
<td>Strengthening Capacity-Services</td>
<td>836,686</td>
<td>721,442</td>
<td>310,449</td>
<td>143,450</td>
</tr>
<tr>
<td>Total</td>
<td>836,686</td>
<td>721,442</td>
<td>310,449</td>
<td>143,450</td>
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<tr>
<td>3.3</td>
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<td></td>
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<tr>
<td>Strengthening Capacity-Goods</td>
<td>1,445,284</td>
<td>1,378,581</td>
<td>204,531</td>
<td>161,595</td>
</tr>
<tr>
<td>Total</td>
<td>1,445,284</td>
<td>1,378,581</td>
<td>204,531</td>
<td>161,595</td>
</tr>
<tr>
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<tr>
<td>Grand Total</td>
<td>2,923,479</td>
<td>2,659,235</td>
<td>528,984</td>
<td>391,709</td>
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</tbody>
</table>

Note: US$136,315 represents FX loss and US$175,206.24 was redistributed.

The notes on pages 4 and 7 form an integral part of this statement.

Yusador S. Gaye, CPA
Auditor General
General Auditing Commission

Dr. Christopher K. Sokpor
Unit Manager
PFMU
Ministry of Finance and Development Planning
Notes to the statement of expenditures

1. Background of the Project

1.1 The Government of Liberia has finalized arrangement with various institutional donors to finance a program of rehabilitation and reconstruction of the vital sectors of economy. The Government has established a Project Financial Management Unit (PFMU) that is responsible for providing centralized accounting, disbursement and reporting services for donor funding project and programs that are being and shall be executed by Government of Liberia. The responsibility for the establishment and maintenance of a financial management system for the projects and program rest with the Government of Liberia through its project Financial Management Unit (PFMU) in the Ministry of Finance and Development Planning and various implementing units of the sector ministries.

1.2 The Project Financial Management Unit (PFMU) has been established in the Ministry of Finance and Development Planning with appropriate financial management staff to ensure that:

   a) all aspect of financial management required under the projects/programs are carried out;

   b) payments are processed expeditiously on behalf of the implementing units;

   c) adequate internal controls are in place;

   d) quarterly financial monitoring reports are prepared on a timely basis;

   e) the financial information required by the implementing units are prepared on a regular basis and on time;

   f) the annual financial statements are prepared on a timely basis;

   g) and the annual external audit is completed on time and audit findings and recommendations are implemented expeditiously.
1.3 Project Objective (External Audit)

Strengthening of the oversight role of GAC and improvement of financial compliance, through;

i. carrying out of training of GAC staff on procurement audit, information system audit, revenue audit, public and environmental audit, oil and gas audit;

ii. carrying out of training and certification for GAC staff on modern audit practices; and

iii. Strengthening GAC’s capacity and carrying out of minor office renovation.

2. Significant accounting policies

Bases of accounting and reporting

2.1 The financial statement has been prepared under historical cost convention, in accordance with Cash Basis International Public Sector Accounting Standards (IPSAS). This basis recognizes revenue only when cash is received. However, expenditures are recognized on an accrual basis when goods and/or services are received and the obligation to pay has been incurred.

2.2 No procedures have been adopted to reflect either price changes or changes in the general level of inflation.

Currency of reporting

2.3 This financial statement is expressed in United States Dollars. Cash and near cash asset as well as all liabilities denominated in other currencies, are translated to United Stated States dollars at the applicable year-end rates. Transactions occurring in other currencies during the year are brought into the books of account at the prevailing rates of exchange on the date of the respective transactions. Gains or losses arising on foreign currency transactions are reflected in expenditures for the period in which they arise.

Ministry of Finance and development Planning  
"Strengthening External Audit" General Auditing Commission  
Statement of expenditures

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<tr>
<td>Audit Training</td>
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<td>IT Audit Training</td>
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<td>Oil &amp; Gas Audit Training</td>
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<td>Strengthening Capacity-Services</td>
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<td></td>
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<tr>
<td>Total</td>
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<td>143,450</td>
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<tr>
<td>Total</td>
<td>1,378,581</td>
<td>204,531</td>
<td>161,595</td>
<td>376,365</td>
<td>636,090</td>
</tr>
<tr>
<td>Grand Total</td>
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<td>528,984</td>
<td>391,709</td>
<td>721,190</td>
<td>1,017,352</td>
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</table>
Dear Sir:

Ref: Management letter

As part of our audit, it is our responsibility to report to management our observations and recommendations for improvement. In the audit of "Strengthening External Audit" Implemented by the General Auditing Commission Government of Liberia through the Project Financial Management Unit in the Ministry of Finance and Development Planning for the year ended June 30, 2016, significant matters that could have warrant a management letter did not come to our attention as such we did not issue a separate management letter.