



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**On the Financial Statement Audit of the Youth
Opportunity Project (YOP),
Project: P146827
Credit Number: IDA 56210 & TF A9505**

For the period July 1, 2020 to June 30, 2021

December 2021

**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
STATEMENT OF RECEIPTS AND PAYMENTS	5
STATEMENT OF FUND BALANCE AND CASH STATUS	6
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	7
STATEMENT OF FINANCIAL POSITION	8
NOTES TO FINANCIAL STATEMENTS.....	9

ACRONYMS USED

Acronyms/Abbreviations/Symbol	Meaning
ACCA	Association of Chartered Certified Accountant
AFP	Audit Focal Person
AG	Auditor General
CFC	Certified Financial Consultant
CFIP	Certified Forensic Investigation Professional
COSO	Committee of Sponsoring Organization
CPA	Certified Public Accountant
FSs	Financial Statements
GOL	Government of Liberia
YOP	Youth Entrepreneurship & Employment Project
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
SOE	Statement of Expenditures
ToR	Term of Reference

December 31, 2021

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

Dear Hon. Wilson:

RE: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE YOUTH OPPORTUNITY PROJECT (YOP).

Opinion

We have audited the accompanying financial statements of the Youth Opportunity Project (YOP) for the fiscal period ended June 30, 2021 financed through YOP: P146827; Credit No. IDA 56210 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 (YOP: P146827; Credit No. IDA 56210) present fairly, in all material respects, the Statement of Receipts and Payments as at June 30, 2021, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and 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. 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 YOP 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

December 2021

STATEMENT OF RECEIPTS AND PAYMENTS
 FOR THE PERIOD ENDED June 30, 2021

2

<i>In United States Dollars</i>	Notes	2021 June	2020 June	Cummulative
Receipt				
IDA Grant	4	<u>4,093,547</u>	<u>3,653,243</u>	<u>7,746,790</u>
Total Receipt		<u>4,093,547</u>	<u>3,653,243</u>	<u>7,746,790</u>
Payment				
Pre-Employment Social Support & Household Enterprises for Urban Youth	5	1,232,957	1,414,920	2,647,877
Productive Public Works & Life Skills Support	6	2,541,890	1,835,832	4,377,722
Capacity Building for Cash Transfer Program	7	-	103,052	103,052
Project Implementation & Coordination	8	<u>363,966</u>	<u>587,154</u>	<u>951,120</u>
Total Payments		<u>4,138,814</u>	<u>3,940,957</u>	<u>8,079,771</u>
Excess of receipts over payments (payments over receipts)		(45,267)	(287,714)	(332,981)
Fund Balance as at beginning		<u>362,195</u>	<u>649,909</u>	<u>649,909</u>
Cummulative fund balance		<u>316,928</u>	<u>362,195</u>	<u>316,928</u>
NB: activities and amount highlighted are reclassified				

The notes found on page 9-13 are integral part of these financial statements

**STATEMENT OF FUND BALANCE AND CASH STATUS
 FOR THE PERIOD ENDED June 30, 2021**

3

<i>In United States Dollars</i>	Notes	2021 June	2020 June
A Fund Balance			
Balance of Project Fund		362,195	649,909
Add: Total Receipts during the period		<u>4,093,547</u>	<u>3,653,243</u>
Total Fund available for operations		4,455,741	4,303,152
Less: Total Payments during the period		<u>4,138,814</u>	<u>3,940,957</u>
Balance of project fund at the end of the year		316,928	362,195
B Cash Status:			
Cash at Bank		<u>316,928</u>	<u>362,195</u>
Total Cash on hand and in bank		316,928	362,195
Difference between A and B		<u><u>-</u></u>	<u><u>-</u></u>

The notes found on page 9-13 are integral part of these financial statements

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

4

Analysis of Variance

Activities Within Components	Project Allocation US\$	Annual US\$	Actual Expenditure US\$	Variance US\$
Pre-Employment Social Support & Household Enterprises for Urban Youth	3,274,187	2,032,672	1,232,957	799,714
Productive Public Works & Life Skills Support	7,268,035	3,704,448	2,541,890	1,162,558
Capacity Building for Cash Transfer Program	103,052	103,052	-	103,052
Project Implementation & Coordination	<u>2,814,374</u>	<u>865,389</u>	<u>363,966</u>	<u>501,422</u>
Total	<u>13,459,648</u>	<u>6,705,560</u>	<u>4,138,814</u>	<u>2,566,747</u>

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

Variance Explanation

The negative variance arising under component one is as a result of a rollover of budgeted expenditure from the previous year which were paid during the period under audit year. Furthermore, a favorable variance under was also observed for activities under household and enterprise and capacity building are as a result of activities executed late and therefore payments were not budgeted.


The Project implementation for Ministry of Youth and Sports also has negative variance of 33.38% which is significant. The project was allowed to over spend under this activity because fund was expected from the restructuring and the exchange gain between the SDR and USD movement.

The notes found on page 9-13 are integral part of these financial statements

STATEMENT OF FINANCIAL POSITION
AS AT June 30, 2021

5

<i>In United States Dollars</i>	Notes	2021 June	2020 June
Assets			
Cash and cash equivalent		<u>316,928</u>	<u>362,195</u>
Total Assets		<u>316,928</u>	<u>362,195</u>
Fund Balance			
Grants		<u>316,928</u>	<u>362,195</u>
Accumulated Fund Balance		<u>316,928</u>	<u>362,195</u>



 Papin Daniels, Jr.
 Director, Donor Financed Projects
 PFMU, MFDP



 Jesse H. Bengu
 Project Coordinator-YOP
 MYS

The notes found on page 9-13 are integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

6

1. Background and Information of the Project

With support from the World Bank (AfDB); the Youth Opportunity-project is geared towards improving access to income generation opportunities for targeted youth and strengthen the recipient's capacity to implement its cash transfer program. The YO project was approved by the World Bank on February 24, 2016 & April 9, 2019 with a grant amount of USD 10 Million. The aim of the project is

- i. To strengthen the capacity of MYS for Project management, coordination, monitoring and evaluation, including, inter alia, financial and procurement management;
- ii. Strengthening the capacity of LACE for project management, coordination, monitoring and evaluation, including inter alia, financial and procurement managements, reporting and auditing;
- iii. Strengthening the capacity of MGCSP for Project management, coordination, monitoring and evaluation, including inter alia, financial and procurement managements, reporting and auditing.

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
Pre-employment social support	500,000	100
Household Enterprise	2,000,000	100
Capacity and System building	700,000	100
Productive Public Work & Life Skills Support	5,780,000	100
Capacity and System building	746,000	100
Capacity building and social cash Transfer	1,200,000	100
Project Implementation & Coordination Ministry of Youth and Sport	500,000	100
Project Implementation & Coordination LACE	1,874,000	100
Project Implementation & Coordination Ministry of Youth and Sport	200,000	100
Total	13,500,000	

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

	% of Expenditure
IDA	100
Total	100

NOTES TO FINANCIAL STATEMENTS *(continued)*

7

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 YOP 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 transitory purposes. Amounts approved for disbursement are transferred from the designated account into another bank account called the operational account. All payments for the YOP 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8

<i>In United States Dollars</i>	2021 June	2020 June	Cumulative
4 Grant Receipt			
IDA Credit 56210	2,091,718	2,155,071	7,934,982
TF - A9505	<u>2,001,829</u>	<u>1,498,171</u>	<u>1,498,171</u>
	<u>4,093,547</u>	<u>3,653,243</u>	<u>9,433,153</u>
5 Pre-Employment Social Support & Household Enterprises for Urban Youth			
Pre-employment Social Support	458,045	123,366	172,364
Household Enterprise	529,311	1,141,341	1,499,555
Capacity & Systems Building	<u>245,601</u>	<u>150,213</u>	<u>340,875</u>
	<u>1,232,957</u>	<u>1,414,920</u>	<u>2,012,794</u>
6 Productive Public Works & Life Skills Support			
Productive Public Works & Life Skills Support	2,490,287	1,651,264	3,868,160
Capacity & Systems Building	51,604	100,525	508,634
Support to Agribusiness Setup	-	84,043	104,280
	<u>2,541,890</u>	<u>1,835,832</u>	<u>4,481,074</u>
7 Capacity Building for Cash Transfer Program			
Capacity Building for Cash Transfer Program	-	103,052	103,052
	<u>-</u>	<u>103,052</u>	<u>103,052</u>
8 Project Implementation & Coordination			
Project Implementation & Coordination by Ministry of Youth & Sports	153,620	273,905	1,177,368
Project Implementation & Coordination by Liberia Agency for Community E	210,347	313,219	1,169,010
Project Implementation & Coordination by Ministry of Gender, Children & S	-	30	127,661
	<u>363,966</u>	<u>587,154</u>	<u>2,474,039</u>
9 Cash receipts through grant and other Sources			
IDA grant	4,093,547	3,653,243	7,746,790
10 Cash paid			
Pre-Employment Social Support & Household Enterprises for Urban Youth	1,232,957	1,414,920	2,647,877
Productive Public Works & Life Skills Support	2,541,890	1,835,832	4,377,722
Capacity Building for Cash Transfer Program	-	103,052	103,052
Project Implementation & Coordination	<u>363,966</u>	<u>587,154</u>	<u>951,120</u>
Total Payments	<u>4,138,814</u>	<u>3,940,957</u>	<u>8,079,771</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9

14. Analysis of Variance

Activities Within Components	Project Allocation US\$	Annual US\$	Actual Expenditure US\$	Variance US\$	% of Variance
Pre-Employment Social Support & Household Enterprises for Urban Youth					
Pre-employment Social Support	595,000	373,080	458,045	(84,965)	-22.77
Household Enterprise	1,986,949	693,073	529,311	163,762	23.63
Capacity & Systems Building	692,237	380,848	245,601	135,247	35.51
	<u>3,274,187</u>	<u>1,447,001</u>	<u>1,232,957</u>	<u>214,044</u>	<u>14.79</u>
Productive Public Works & Life Skills Support					
Productive Public Works & Life Skills Support	6,573,884	2,449,502	2,490,287	(40,784)	-1.66
Capacity & Systems Building	574,151	33,136	51,604	(18,468)	-55.73
Support to Agribusiness Setup	120,000	30,630	-	30,630	100.00
	<u>7,268,035</u>	<u>2,513,268</u>	<u>2,541,890</u>	<u>(28,622)</u>	<u>-1.14</u>
Capacity Building for Cash Transfer Program					
Capacity Building for Cash Transfer Program	103,052	-	-	-	0.00
	<u>103,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.00</u>
Project Implementation & Coordination					
Project Implementation & Coordination by MYS	1,246,806	115,175	153,620	(38,445)	-33.38
Project Implementation & Coordination by LACE	1,438,959	198,530	210,347	(11,817)	-5.95
Project Implementation & Coordination by MGCSP	128,609	-	-	-	0.00
	<u>2,814,374</u>	<u>313,705</u>	<u>363,966</u>	<u>(50,262)</u>	<u>-16.02</u>
Total	<u>13,459,648</u>	<u>4,273,974</u>	<u>4,138,814</u>	<u>135,161</u>	<u>3.16</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10

PROJECT DESIGNATED ACCOUNT STATEMENT

Account Number: 6100286622/1602002962/6100064072
 /6100063722/6100063712/6100286612
Account Type: Current Account
Depository Bank (s): Eco Bank Liberia, Limited & CBL
Address: 11th Street & Ashmun Street
 Monrovia, Liberia

Currency: United States Dollar

	2021 June	2020 June
Total Grant Received	<u>4,093,547</u>	<u>3,653,243</u>
Total grant income reported	4,093,547	3,653,243
Amount spent	4,138,814	3,940,957
Balance as at beginning	<u>362,195</u>	<u>649,909</u>
Balance as at June 30, 2021	<u><u>316,928</u></u>	<u><u>362,195</u></u>

Closing Balance Consist of:

Petty Cash - MYS	-	2,000
Petty Cash - LACE	-	1,500
IDA Designated A/C - Ecobank	60	-
Operational A/C - MYS	95,549	62,515
Operational A/C - LACE	222,035	180,178
Operational A/C - MGCSP	120	120
AF Designated A/C -Ecobank	(836)	115,882
	<u><u>316,928</u></u>	<u><u>362,195</u></u>