



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



On the Financial Statement Audit of the Health Systems Strengthening Project (HSSP)/Additional Financing (AF) (IDA-5244, TF-14432LBR & TFA4116)

For the fiscal period ended June 30, 2021

December 2021

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

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ACRONYMS USED

Acronyms/Abbreviations/Symbol	Meaning
AFP	Audit Focal Person
AG	Auditor General
COSO	Committee of Sponsoring Organization
CPA	Certified Public Accountant
EPHS	Essential Package Health Services
FSs	Financial Statements
GMRP	Graduate Medical Residency Program
GoL	Government of Liberia
HSSP	Health Systems Strengthening Project
IAU	Internal Audit Unit
IBRD	International Bank for Reconstruction And Development
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
MOH	Ministry of Health
P'OFM	Office of Financial Management
NVA	National Verification Agency
PBF	Performance Based Financing
PCO	Project Coordination Office
PIM	Project Implementation Manual
QPR	Quarterly Progress Report
SOE	Statement of Expenditures
ToR	Term of Reference
LPGMRP	Liberia Post Graduate Medical Research programs

Dr. Wilhelmina Jallah

Minister

Ministry of Health

Congo Town

Republic of Liberia

December 31, 2021

Dear Dr. Jallah:

RE: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF THE HEALTH SYSTEM STRENGTHENING PROJECT (HSSP)/ADDITIONAL FINANCING (AF)

Opinion

We have audited the accompanying financial statements of the Health System Strengthening Project (HSSP)/Additional Financing (AF) as at June 30, 2021 financed by IDA-5244, TF-14432LBR & TFA4116 which comprises the Statement of Receipts and Payments, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and explanatory notes.

In our opinion, the accompanying financial statements IDA-5244, TF-14432LBR & TFA4116 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 other 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 (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 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 HSSP 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

Financial Statements
Health System Strengthening Project (HSP) Additional Financing (AF)
Statement of Receipts and Payments
For the fiscal period ended June 30, 2021

PLS ENSURE THAT THE FACE AGREE WITH THE NOTES(RECEIPTS)	Notes	FY 2020/2021 US\$	FY 2019/2020 US\$
Receipts:			
IDA (World Bank) Fund	1	5,561,242	8,043,932
Other Receipts		-	-0-
Total Receipts		5,561,242	8,043,932
Payment			
Goods	2	837,011	360,690
Consulting Services	3	2,351,803	4,675,430
Training	4	147,034	338,013
Operating Cost	5	732,704	1,345,537
Sub-Grants	6	1,876,156	1,444,930
Total Payments		5,944,708	8,164,600
Decrease/Increase in cash		(383,466)	(120,669)
Cash at the beginning of the Year		1,107,872	1,228,541
Cash at the end of the Year	7	724,406	1,107,872

Signed: 
Annette D. Doe
ACTING COMPTROLLER
Office of Financial Management
Ministry of Health

Signed: 
Matthew T.K. Flomo
PIU MANAGER
World Bank Health Portfolio
Ministry of Health

The notes found on page 7-17 are integral part of these financial statements

Health System Strengthening Project (HSSP)/Additional Financing (AF)
Statement of Comparison of Budget and Actual Amounts
For the fiscal period ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance	Percentage Variance
	US\$	US\$	US\$	US\$	(%)
Cash Inflows					
Authorized					30.72
Allocations/Receipts	8,027,474	8,027,474	5,561,242	2,466,232	
Total Receipts	8,027,474	8,027,474	5,561,242	2,466,232	30.72
Cash Outflows					
Goods	862,630	862,630	837,011	25,619	2.97
Consulting Services	3,068,957	3,068,957	2,351,803	717,154	23.37
Training	279,296	279,296	147,034	132,262	47.36
Operating Costs	1,174,560	1,174,560	732,704	441,856	37.62
Sub-Grants	2,642,032	2,642,032	1,876,156	765,876	29.0
Total Payments	8,027,475	8,027,475	5,944,708	2,082,767	25.9
Net Cash Flows	-	-	(383,466)		

The notes found on page 7-17 are integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

General Information and Accounting Policies:

The Reporting Entity and Principal address

Ministry of Health

Health Systems Strengthening Project (HSSP)/Additional Financing (AF)

Congo Town, Monrovia

Liberia

Project Identification Number: P128909

1. Background of the Project

On January 23, 2013, the Republic of Liberia and the International Bank for Reconstruction and Development/International Development Association ("World Bank") entered into a Grant Agreement for the financing of the Health System Strengthening Project (HSSP) under the Ministry of Health.

The development objective of the Health System Strengthening Project (HSSP) for Liberia is to improve the quality of maternal health, Child health, and infectious disease services in selected secondary-level health facilities. The project consists of four main components as outline below:

- The first component deals with strengthening the institutional capacity to improve the quality of selected health interventions at performance-based Financing (PBF) health facilities. The Subcomponent deals with management and capacity building. It aims to provide intensive technical support to build the institutional capacity required to manage the PBF approach and provided that expected results are achieved, support its long-term sustainability and support technical assistance, capacity development, and independent verification.
- The second component is about improving health workers competencies to address key Health-related concerns at selected health facilities. This component complements efforts to improve the quality of care at target health facilities, by improving the availability and competencies of health workers in these facilities, in critical specialist areas- obstetrics, pediatrics, general surgery and internal medicine.
- The sub-component supports the design and implementation of a nationally accredited GMRP in defined critical specialist areas and internal medicine, with a cross-cutting focus on anesthesiology.
- The third component deal with support to the operational capacity of the Ministry of health (MOH) to effectively manage the project. It includes support to the operational costs of a project- specific unit i.e. the HSSP Coordination Office- within the MoH that is responsible for coordinating project activities.
- The fourth component is known as 'Support to Ebola Emergency Response Outbreak'. This component was added during the Ebola outbreak to provide medical and other supports to the EVD outbreak.

In view of the above, the International Development Association (“World Bank”) provided the initial grant of US\$850,000.00 to fund the preparation of a full-scale Health System Strengthening Project (HSSP) to address various Secondary level healthcare interventions. On July 3, 2013 the World Bank extended a grant in the amount of US\$5,000,000 and a credit facility of US\$10,000,000 referenced IDA-5244, to assist in financing the Project.

Additional Financing

On March 22, 2017, the International Development Association and International Bank for Reconstruction and Development acting as administrator of the Multi-Donor Trust Fund for the Global Financing Facility (GFF) in support of Every Woman Every Child provided a grant to the Republic of Liberia in the amount of US\$16,000,000(Sixteen Million United States Dollars) referenced LBR TF-0A4116 for an additional financing to the Health System Strengthening Project (HSSP) of the Ministry of Health.

II. Significant Accounting Policies

The financial statements have been prepared in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS). This implies that all expenditures are expensed whether they are revenue or capital in nature and income is recognized when funds are received from the IDA/ADB (World Bank).

III. Reporting Currency

The Financial reports have been presented in United States Dollars. Transactions in other currencies are translated into United States Dollars and recorded at the rate of exchange ruling at the date of the transaction(s). Balances in other currencies are translated into United States Dollars at the rate of exchange prevailing on the reporting date.

IV. Reporting Period

The reporting period for the HSSP’s Financial Statements is the fiscal period ended June 30, 2021. (1 July 2020 to 30 June 2021).

Health System Strengthening Project (HSSP)/Additional Financing (AF)

For the fiscal period ended June 30, 2021

1. IDA/ (World Bank) Fund

	FY 2020/2021 US\$	FY 2019/2020 US\$
July 6, 2020	636,011	-
August 7, 2020	485,385	-
August 7, 2020	523,712	-
August 7, 2020	49,427	-
September 29, 2020	364,124	-
November 12, 2020	243,164	-
November 28, 2020	371,798	-
December 4, 2020	371,219	-
January 29, 2021	55,134	-
January 29, 2021	827,475	-
April 14, 2021	607,266	-
June 3, 2021	374,719	-
June 29, 2021	651,807	-
1-Jul-19		1,121,576
7-Aug-19		238,708
August 7,2019		303,272
8-Aug-19		202,027
15-Oct-19		708,756
15-Oct-19		382,890
15-Oct-19		145,941
19-Nov-19		267,093
10-Dec-19		608,161
17-Dec-19		337,698
17-Dec-19		87,781
27-Dec-19		258,700
24-Feb-20		178,062
3-Mar-20		303,884
3-Mar-20		169,150
3-Mar-20		510,341
3-Apr-20		279,418
28-Apr-20		393,868
29-Apr-10		165,394
29-Apr-20		40,432
1-May-20		418,889
19-May-20		404,257
26-May-20		48,544
26-May-20		131,960
22-Jun-20		337,130
Total	<u>5,561,242</u>	<u>8,043,932</u>

**Health System Strengthening Project (HSP) Additional
Financing (AF)
For the fiscal period ended June 30, 2021**

	FY	FY
	2020/2021	2019/2020
	US\$	US\$
GOODS	2	
Strengthening Institutional Capacity		
Machinery and other Equipment	25,205	305,870
ICT infrastructure, Hardware, Networks and Facilities	89,804	52,725
Furniture & Fixtures	37,165	2,095
Training Equipment and Human Mannequins	48,826	
Transport Equipment	636,011	
TOTAL	<u>837,011</u>	<u>360,690</u>

**Health System Strengthening Project (HSP) Additional Financing
(AF)**

For the fiscal period ended June 30, 2021

CONSULTING SERVICES

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	FY 2020/2021 US\$	FY 2019/2020 US\$
Strengthening Institutional Capacity		
Professionals	172,962	339,887
Non-professionals (Casual Workers)	619,968	171,957
Foreign Travel - Means of travel	18,323	11,070
Domestic Travel- Means	3,900	-
Consultancy Services	25,682	45,880
Transfer to UNICEF for Implementation of CHA Program	0	1,121,576
Foreign Travel-Daily Subsistence Allowance	0	6,111
Residential Property Rental and Lease	16,200	27,900
Telecommunications, Internet, Postage and Courier	1,000	1,700
Expert/Specialist Service	1,344,104	2,020,745
Audit Fees	24,000	20,000
Feasibility Studies/Surveys	0	98,008
Electricity Connection (Transformer)	0	62,750
Food and Catering Service	0	1,000
Bank Charges and Other Bank Related Cost	5	70
Transfer to Counties for CHA Programs	0	544,418
Taxes & Duties	125,658	202,358
	<u>2,351,803</u>	<u>4,675,430</u>

Health System Strengthening Project (HSP)		FY	
Additional Financing (AF)		FY	2019/20
For the fiscal period ended June 30, 2021		2020/2021	20
		US\$	US\$
TRAINING	4		
Foreign Travel - Means of Travel		0	51,100
Foreign Travel - Daily Subsistence Allowance		0	28,735
Honorarium		0	4,200
Stationery and supplies		2,364	596
Fuel and Lubricants - Vehicles		4,065	3,766
Food and Catering Services		1,500	12,450
Domestic Travels – means of Travels		2,675	0
Domestic Travel - Daily Subsistence Allowance		91,365	60,430
Other General Expenses - Transfer to Counties		45,065	100,396
Printing, Binding and Publications services		0	29,360
Staff Training - Foreign		0	3,480
Workshops, Conferences, symposia and Seminars		0	43,500
TOTAL		147,034	338,013

**Health System Strengthening Project
(HSP) Additional Financing (AF)
For the fiscal period ended June 30,
2020**

OPERATING COST

5

Strengthening Institutional Capacity

	FY 2020/2021 US\$	FY 2019/2020 US\$
Domestic Travel - Daily subsistence Allowance	128,070	234,024
Food and Catering Services	2,200	25,222
Vehicle Insurance	66,421	49,789
Fuel and Lubricants – Vehicles	39,322	109,985
Machinery and other Equipment	0	44,880
Printing, Binding and Publications Services	109,090	320,726
Stationery and Supplies	57,626	137,125
Cleaning Material and Services	200	1,105
Specialized Materials and Services	0	6,748
Entertainment Representation and Gifts	0	450
Other Compensations	1,840	300
Taxes & Duties	0	200
ICT infrastructure, Hardware, Networks and Facilities	0	795
Repairs and Maint.-Machinery, Equip. and Furniture.	125	70
Office Materials, Consumables and Services	40	10
Other Operational Cost	0	200
Telecommunication, Internet, Postage & Courier	37,135	56,430
Domestic Travel - Means of Travel	7,030	900
Furniture & Fixtures	3,500	0
Repairs and Maintenance - Civil	30	10
Repairs and Maintenance - Vehicles	67,606	95,726
Subscriptions	35,000	13,238
Advertising and Public Relations	325	4,125
Computer Supplies and ICT Services	0	30,437
Other Office Materials and Consumables	0	2,089
Small Tools/Equipment and Household Materials	0	0
Repairs and Maintenance - ICT Equipment	0	300
Other General Expenses - Transfer to Counties	114,124	174,798
Bank Charges	63,020	35,330
TOTAL	<u>732,704</u>	<u>1,345,537</u>

**Health System Strengthening Project (HSP)
Additional Financing (AF)**

	FY 2020/2021 US\$	FY 2019/2020 US\$
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For the fiscal period ended June 30, 2021

SUB-GRANTS	6		
Strengthening Institutional Capacity			
Other General Expenses		-0-	-0-
PBF Incentives to Counties and Hospitals		-0-	-0-
Redemption Hospitals		480,091	349,944
C.B. Dunbar Hospitals		139,122	120,806
Phebe Hospitals		231,769	211,320
Tellewoyan Hospitals		139,809	115,923
Jackson F. Doe Hospitals		177,834	133,252
F.J. Grant Hospitals		95,992	55,112
St. Francis Hospitals		64,696	51,388
Chief Jallahlone Hospitals		87,104	52,756
Rivercess CHT		102,549	111,046
Rivercess (16 Health Facilities)		32,000	0
Sinoe CHT		143,559	148,059
Sinoe (33 Health Facilities)		66,000	0
Gbarpolu CHT		87,630	95,325
Gbarpolu (14 Health Facilities)		28,000	0
TOTAL		<u>1,876,156</u>	<u>1,444,930</u>

Health System Strengthening Project (HSP) Additional Financing (AF)		FY 2020/2021 US\$	FY 2019/2020 US\$
For the fiscal period ended June 30, 2021			
CASH AT THE END OF THE YEAR	7		
CBL 1502021935 MOHSW Health Systems Strengthen Pro.		219,013	648,334
Petty Cash Account (Health Syst. Strength. Proj.)		66	1
IB 001-2197-1008460102 MOH HSS AF		505,327	459,537
TOTAL		<u>724,406</u>	<u>1,107,872</u>

Cash at the end of the fiscal period June 30, 2021

Of the US\$724,406 reported as cash balance, US\$724,340 and US\$66 are reported as Cash in Bank and cash on hand for the HSSP Original and Additional Financing respectively.

Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Public Financial Management Act, 2009 and comply with the Cash Basis International Public Sector Accounting Standard (Cash Basis IPSAS): Financial Reporting under the Cash Basis of Accounting. Specifically, the statements are based on cash basis IPSAS. Receipts represent cash received by the entity and payments on its behalf by outsiders during the reporting period while all expenses are recognized in the statement of Cash Receipts and Payments when paid.

Note 8 Variances

The 79.06% variance for goods is mainly attributed to the delay in the supply and delivery of 10 ambulances given because of the long process of completing the Letter of Credit (LC) and Special Commitment (SC). There was also delay in completing the procurement processes to procure office equipment for supporting unit within the Ministry of Health Central Office.

The 69.28% variance for training represents the unspent balance allocated for training given that all training (both international and local) earmarked were cancelled due to the COVID-19 pandemic.

The 57.43% variance for operating cost is attributed to the unspent balance allocated to support operational cost for PIU, and other implementing units within the Ministry of Health. All activities associated to operating cost were suspended due to COVID-19.

The 31.98% variance for sub-grant represents the unspent balance allocated for PBF incentive to selected counties and hospitals. Performance Based Financing (PBF) incentives earned by counties and hospitals during the last quarter of the fiscal year were paid during the first quarter of the following fiscal year. Additionally, incentive allocated for payment during were not fully earned by these counties and hospitals.