



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT



**ON THE FINANCIAL STATEMENT AUDIT OF
THE LIBERIA URBAN WATER SUPPLY
PROJECT (LUWSP) (CREDIT NO. 5774-LR;
6384-LR AND GRANT NO. D4870-LR)**

**FOR THE PERIOD JULY 1, 2020 TO
JUNE 30, 2021**

December 2021

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

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ACRONYMS USED

Acronyms	Meaning
ACCA	Association of Certified Chartered Accountant
AFS	Audited Financial Statements
AG	Auditor General
CFIP	Certified Forensic Investigation Profession
CFC	Chartered Financial Consultant
FAR	Fixed Asset Registry
GAC	General Auditing Commission
GOL	Government of Liberia
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
LUWSP	Liberia Urban Water Supply Project
LWSC	Liberia Water and Sewer Corporation
NRW	Non- revenue Water
PFM	Public Finance Management
PIU	Project Implementation Unit

December 30, 2021

Hon. Duwannah Kamara

Managing Director

Liberia Urban Water Supply Project (LUWSP)

Monrovia, Liberia

Dear Hon. Kamara:

**AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF LIBERIA
URBAN WATER SUPPLY PROJECT (LUWSP) FOR THE PERIOD JULY 1, 2020 TO JUNE 30,
2021.**

Unqualified Opinion

We have audited the accompanying financial statements of the Liberia Urban Water Supply (LUWSP) Project for the year ended June 30, 2021. These financial statements comprise the statement of Receipts and Payments, statement of budget verses actual, statement of financial position for the fiscal year then ended, and a summary of significant accounting Policies and other explanatory information.

In our opinion, the accompanying financial statements of LUWSP (Project: (Credit No. 5774-LR; 6384-LR and Grant No. D4870-LR) 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 (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 Urban Water Supply (LUWSP) Project 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 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 LUWSP 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

From July 1, 2020- June 30, 2021

INSTITUTIONAL DETAIL / INFORMATION

IMPLEMENTING PARTNERS:	Liberia urban Water Supply Project International Development Association and and Liberia Water and Sewer Corporation
PROJECT ADDRESS:	Barclay Avenue, Fiamah, Monrovia
BANKERS:	Account Number 160-2003-103, Central Bank of Liberia, Ashmun Street Monrovia, Liberia Randall and Ashmun Monrovia, Liberia
AUDITOR:	General Auditing Commission of Liberia, Old Executive Mansion, Ashman Street, Monrovia, Liberia

(a) STATEMENT OF RESPONSIBILITIES



The Financial Statements as set out on pages 1 to 4 have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 and in compliance with the Cash Basis International Public Sector Accounting Standards (Cash IPSAS), adopted by the Government of Liberia.

In accordance with the provisions of the Public Financial Management (PFM) Act of 2009, I am responsible for the control of and accounting for public funds received, held, and expended for and on behalf of the Liberia Urban Water Supply Project implemented by the Liberia Water and Sewer Corporation.

Under the World Bank provisions (Financing Agreement) I am required to submit Annual Financial Statement to external auditors two months after the end of the financial year and Annual Audited Financial Statement to the IDA/ World Bank, six months after the end of the financial year to which it relates. However, the preparation of the annual financial statement has been delegated to the Financial Management Expert of the Liberia Urban Water Supply Project. I am pleased to submit the required Fiscal Year Account of the Liberia Urban Water Supply Project in compliance with the IDA/World Bank provisions and its attendant Regulations. I have provided, and will continue to provide, all the information and explanations as may be required in connection with the financial statements presented therein.

In preparing these Financial Statements, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgment and estimates. To the best of my knowledge and belief, these Financial Statements agree with the books of accounts, which have been properly kept.

I accept responsibility for the integrity of these financial statements, the financial information they contain and their compliance with the IDA/World Bank provisions.


Pawon Boayue
Project Director

September 30, 2021
Date

(b) MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Government of Liberia has secured a Credit for the financing of Liberia Urban Water Supply Project from the International Development Association (World Bank) as part of reviving the devastated infrastructure of the country. The objective of the Project is to increase access to piped water supply services in the Project Area in Monrovia and improve the operational efficiency of LWSC.

The Project Implementation Unit (PIU) of the Liberia Water and Sewer Corporation (LWSC) has been established and is responsible for providing accounting, disbursement and reporting services for the World Bank supported LUWSP.

Background of the Project

The Republic of Liberia has received a credit and a grant from IDA to finance the Additional Financing of the Liberia Urban Water Supply Project. The project is part of the Monrovia Water Supply and Sanitation Improvements for the Cities of Harper, Gbarnga and Greenville (the Program). The Program is to be implemented by the Liberia Water and Sewer Corporation (LWSC) in three phases and its goal is to restore water supply service to Monrovia and the three secondary cities of Harper, Gbarnga and Greenville.

Presently, less than three percent of Liberians benefit from piped water. Even in Monrovia, an estimated 80 percent of the population relies on point sources such as hand-dug wells which may be 'improved' in a technical sense but are unsuitable in the dense urban environment. A 2011 water quality study in Monrovia found the majority of 'improved' wells to be contaminated and unsafe to drink from (UHL and Associates, 2011). In Monrovia, only 4 million gallons per day (mgd) of water are currently produced, of which 1 million are billed, supplying only about 6,000 active accounts.

Increasing access to piped, treated water is an urgent public health requirement. The Government of Liberia's post-Ebola Economic Stabilization and Recovery Plan (ESRP) has emphasized the "urgent need to address the structural deficiencies in the service delivery systems in the water and sanitation sector that the [Ebola] epidemic highlighted". The project will reduce exposure to unsafe drinking water and hygiene for close to fifty-thousand Liberians. This is expected to reduce poverty and boost shared prosperity by reducing health-related costs (direct on treatments and indirect through missed work), as well as reduce negative impacts associated with lower school attendance due to water and hygiene-related burdens.

Financial Performance

The budget of US\$6,690,770.00 was approved by the World Bank to execute activities for the fiscal year 2020/2021. The amount of US\$5,355,525 was appropriated to Component 1 for infrastructure improvements while US\$1,335,245 was appropriated to Component 2 for capacity building to the

Liberia Water and Sewer Corporation. Below is the budget versus actuals result by the project component with sub-activities for the reporting period:

Budget vs Actual by project component (FY 20/21)

	Budgeted	Actuals	(\$) Diff.	(%) Diff.
(COMPONENT 1-Infrastructure improvements)				
1.1 (Rehabilitation and extension of Monrovia piped water distribution system)	4,705,275	786,021	3,919,254	83.3%
1.2 (Feasibility studies, detailed engineering designs, supervision and associated rehabilitation works for 36' main waterline)	650,250.00	29,476	620,724	95.5%
1.3 (Construction of a ground reservoir and connecting it to the existing water distribution network)	-	-	-	-
Total (COMPONENT 1-Infrastructure improvements)	5,355,525.00	815,497	4,540,028	84.8%
2.0 (COMPONENT 2- Capacity Building to the LWSC)				
2.1 (Capacity Building to LWSC)	566,410	68,140	4,98270	88%
2.2 (WORLD BANK COVID-19 INTERVENTION-LWSC)	160,315	157,043	3,272	2%
2.3 (Project Implementation Unit)	608,520	414,432	194,088	31.9%
Total (COMPONENT 2- Capacity Building-LWSC)	1,335,245	639,615	695,630	52.1%
TOTAL	6,690,770	1,455,112	5,235,658	78.3%

Component 1 has an unspent balance of 84.8% because the procurement process for the recruitment of contractor(s) and consultants could not be completed as at that quarter. The current status of the procurement of these activities are outlined below:

- i. Activity 1.1.7– Procurement of Civil Works (Express Line + Ground Reservoir)—We have received Bank No Objection and Contract signed. We are now at implementation stage
- ii. Activity 1.2.2 – Feasibility + Design + Preparation of bidding Documents for the Replacement of the 36-Inch Main Water Transmission Line from with Plains to Monrovia. We have received No Objection from the Bank and Contract signed. We are also now at implementation stage.
- iii. Activity 1.1.6 – Supervision Services for Civil Works Construction of Express Line + Ground Reservoir. We have received No Objection from the PPCC and Contract signed. We are also now at implementation stage.

Component 2 has an unspent balance of 52.1%. This was also because we could not conclude the procurement process for sub-components 2.1.2 (Improved Customer Service), sub-components 2.1.3 (public Consultation)

To comply with the reporting framework, the budget and actual expenditures were reclassified into economic classification of the Government of Liberia. Actuals paid for Compensation of Project Staff amounted to US\$220,500, US\$255,927 for the Use of Goods and Services, and US\$978,685 on Non-Financial Assets.

The Project paid US\$962,151 from its bank account on budgetary activities while the World Bank also made direct payments toward budget activities in the amount of US\$492,961.

Constraints

There are few constraints to mention which is associated with the overall efficiency to the Project. One of the key is the delay from the Internal Audit review at LWSC head office; the Project may need an assigned Internal Auditor at the Project Office. Secondly is the maintenance of our current ICT Infrastructure; IT troubleshooting sometimes in the absence of IT support is difficult and causes delay in works feeding from resources on the server.

**LIBERIA URBAN WATER SUPPLY PROJECT (LUWSP)
STATEMENT OF CASH RECEIPTS AND PAYMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Note	FY 20/21		FY 19/20	
		Receipts/(Pay ments) Controlled by LUWSP	Direct Payments by World Bank	Receipts/(Pay ments) Controlled by LUWSP	Direct Payments by World Bank
		US\$	US\$	US\$	US\$
RECEIPTS					
External Assistance	3	491,892	492,961	1,584,061	932,404
Other Sources		-	-	-	-
Total Receipts		491,892	492,961	1,584,061	932,404
PAYMENTS					
Compensation of Employees	4	220,500	-	260,700	-
Use of Goods and Services	5	255,927	-	576,258	-
Non-Financial Asset	6	485,723	492,961	526,891	932,404
Other Payments	7	-	-	50,000	-
Total Payments		962,151	492,961	1,413,849	932,404
Increase/(Decrease) in Cash		-470,259	-	170,212	-
Cash Balances - July 01, 2020		872,358	-	702,146	-
Increase/(Decrease) in Cash		-470,259	-	170,212	-
Cash Balances - June 30, 2021	2	402,099	-	872,358	-

The accompanying notes are an integral part of the financial statements. The financial statements on page 9 to 14 were approved and signed by Project Management.



**LIBERIA URBAN WATER SUPPLY PROJECT (LUWSP)
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
Budget Approved on the Cash Basis (By GOL Economic Classification)**

Note 8

ACCOUNT TITLE/DESCRIPTION	Actual Amount	Final Budget	Original Budget	Difference: Final Budget and Actual	Percentage Variance
	US \$	US \$	US \$	US \$	%
CASH INFLOWS					
External Assistance	984,853	6,690,770		-6,198,878	-85%
Other Sources	-	-		-	-
Total Receipts	984,853	6,690,770		-5,705,917	-85%
CASH OUTFLOWS					
Compensation of Employees	220,500	242,700		-22,200	-9%
Use of Goods and Services	255,927	365,820		-109,893	-30%
Non-Financial Asset	978,685	6,082,250		-5,103,565	-84%
Other Payments	-	-		-	-
Total Payments	1,455,122	5,690,770		-5235,658	-78%
NET CASH FLOWS	-470,259	-		-470,259	

* Actual amounts encompass both cash and World Bank settlements.

The accompanying notes from page 10 to 15 are integral parts of these reports

**LIBERIA URBAN WATER SUPPLY PROJECT (LUWSP)
 STATEMENT OF CASH POSITION**

AS AT JUNE 30, 2021

	<i>Currency Held In</i>	<i>Notes</i>	<i>As at June 30, 2021</i>	<i>As at June 30, 2020</i>	<i>Change in Cash Balances</i>
<u>Cash/ Bank Account Details</u>		2			
Bank Accounts					
LBDI – LUWSP Operations Account	USD		225,286	480,763	-255,477
CBL Designated Account	USD		48,259	4,214	44,045
LBDI Designated Account	USD		128,555	386,942	-258,387
Petty Cash	USD		-	439	-439
Total Cash in Banks			402,099	872,358	-470,259

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of the Republic of Liberia and in compliance with the IDA/World Bank provisions and its attendant Regulations in preparing and presenting the financial statements.

The accounting policies have been applied consistently throughout the period.

a. Basis of Reporting

The financial statements have been prepared in accordance with Cash Basis International Public Sector Accounting Standards (Cash Basis IPSAS) adopted by the Government of Liberia.

b. Reporting Entity

The Government of Liberia has secured a Credit for the financing of Liberia Urban Water Supply Project from the International Development Association (World Bank) as part of reviving the devastated infrastructure of the country. The objective of the Project is to increase access to piped water supply services in the Project Area in Monrovia and improve the operational efficiency of LWSC. The project was signed in April 27, 2016 and became effective on April 12, 2017.

The main beneficiaries of this project will be the residents of neighbourhoods in Monrovia selected by the project who will be benefiting in the form of new connections, more hours of water supply, and fewer interruptions in water service delivery, closer proximity of the water supply or a combination of these.

The principal address of the reporting entity is Liberia Water and Sewer Corporation Project Implementation Unit, Barclay Avenue, Fiama, Monrovia.

c. Reporting Currency

The presentation currency is the United States Dollars (US Dollars).

2. Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash in banks and petty cash amounts held in office. Cash included in the Statement of Receipts and payments comprise the following amounts:

	FY20/21	FY19/20
Cash in Bank	402,099	871,919
Petty Cash in Office	-	439
Total Cash and Bank Balances	402,099	875,358

3. External Assistance

The Government of Liberia has received external assistance by securing a credit from the World Bank to increase access to piped water supply services in the in Monrovia and improve the operational efficiency of LWSC.

The total receipts from the loan is US\$984,853. Total received in the bank accounts of the LUWSP and Direct Payment Contribution from World Bank was U\$491,892 and US\$492,961 respectively.

4. Compensation of Employees

The project made payments from its bank accounts to core and support staff. Analysis of the payments by activity code and GOL classification is presented below.

<i>Project Activity Code</i>	<i>GOL Economic Classification</i>	WORLD BANK COMPONENT AFFECTED		<i>TOTAL</i>
		<i>Component 1</i>	<i>Component 2</i>	
2.3.1.1	211101		52,750.00	52,750.00
2.3.1.2	211101		33,000.00	33,000.00
2.3.1.3	211101		33,000.00	33,000.00
2.3.1.4	211101		35,750.00	35,750.00
2.3.1.5	211101		24,900.00	24,900.00
2.3.2.1	211102		13,200.00	13,200.00
2.3.2.2	211102		16,500.00	16,500.00
2.3.2.3	211102		4,400.00	4,400.00
2.3.2.4	211102		5,500.00	5,500.00
2.3.2.7	211102		1,500.00	1,500.00
	211102		220,500.00	220,500.00

5. Use of Good & Services

The project incurred cost on recurring activities such as fuel, office supplies, Insurance and other related repairs and maintenance. Below is an analysis by of payments by activity code and GOL classification.

CODING		WORLD BANK COMPONENT AFFECTED		TOTAL
Project Activity Code	GOL Economic Classification	Component 1	Component 2	
2.3.4.03	221203		4,279	4,279
2.3.5.03	221203		11,285	11,285
2.3.5.06	221203		3,510	3,510
2.3.5.07	221203		9,370	9,370
2.3.5.04	221401		9,498	9,498
2.3.5.15	221402		7,350	7,350
2.1.5	221501		67,200	67,200
2.3.5.18	221501		1,005	1,005
2.3.5.05	221502		23,020	23,020
2.3.5.16	221503		1,175	1,175
2.3.5.17	221504		558	558
2.3.5.13	221602		35,932	35,932
2.3.5.14	221606		8,096	8,096
2.3.4.02	221703		19,560	19,560
2.3.4.05	221909		5,483	5,483
2.3.5.11	222116		7,230	7,230
2.3.5.02	222125		34,353	34,353
2.3.4.01	223106		2,818	2,818
2.3.5.09	222108		4,200	4,200
				255,927

6. Property, Plant, & Equipment

Civil works including all cost incurred on construction of plants, water drainages, and related consultancies are summarized under PPE.

Project Activity Code	CODING GOL Economic Classification	WORLD BANK COMPONENT AFFECTED		TOTAL
		Component 1	Component 2	
1.1.1	230003	657,291		657,291
1.1.2	230003	11,115		11,115
1.1.4	230003	77,097		77,097
1.1.5	230003	1,300		1,300
1.1.7	230003	25,200		25,200
1.2.1	230003	28,477		28,477
1.2.2	230003	1,000		1,000
2.2.1	230003		4,775	4,807
2.2.3	230003		105,508	105,508
2.2.9.2	230003		46,728	46,728
2.3.4.04	232201		4,595	4,595
2.3.4.09	232201		1,430	1,430
1.1.3	232201	14,018		14,018
2.3.4.06	232221		120	120
				978,685

7. Other Payments

There were no other payments incurred outside the budgetary activities of the project.

8. Comparison of Budget Amounts versus Actuals

Since the project is activities based, please refer to Management Discussion and Analysis budget versus actuals by project components on page 8. The budget created by economic classification is a reorganization of activities to compare budget versus actuals as required by IPSAS.

9. Authorization Date

The financial statements were authorized for issue on September 30, 2021 by Pawon Boayue, Project Director.