



REPUBLIC OF LIBERIA  
**GENERAL AUDITING COMMISSION**

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OFFICE OF THE AUDITOR GENERAL

**GAC/OAG/HOUSE/RL00001**

March 22, 2007

Honorable Tokpa J. Mulbah, Deputy Speaker and Presiding Officer  
Members of the Honorable House of Representatives  
The Liberian House of Representatives  
Unity Conference Center, Virginia, Liberia

Dear Honorable Mulbah:

I want to take this time to thank you and members of the Honorable House of Representatives for the sacrifices you continue to make in these critical times of our political existence.

I specifically want to thank you and your colleagues for the prompt action on the amendment of the act that created the General Auditing Commission. The amendment is aimed at reconciling legal ambiguities that may have eluded the eyes of your predecessors, who were equally committed to make the GAC more independent and much more serviceable in its 50 years of existence.

The swiftness with which you handled the amendment indicates the seriousness the Honorable House of Representatives attaches to the General Auditing Commission as an integral arm of the National Legislature to help it monitor government's stewardship of public funds and programs.

Your action, nonetheless, signifies your strong, unbending desire to instill accountability and transparency, a socio-politico-economic deficiency that doomed past governments and underdeveloped the Liberian nation-state.

Your action is also indicative of your strong desire and commitment to restore the humanity of the Liberian people after 14 years of fratricidal war that ruined the entire country.

For me—and our international partners—one way to move our people from 'mats to mattresses' is to wage war on fraud, waste and abuse, three inimical

social vices generally nationally referred to as CORRUPTION. The General Auditing Commission, an independent ombudsman, is your legal entity charged with the responsibility to help the National Legislature better monitor and understand government's stewardship of funds allocated to run the country and implement national programs. With such oversight, fraud, waste and abuse can be curtailed, if not eradicated, a situation that will economically empower our people in every hamlet and village.

Thank you for your support. Please accept my compliments and gratitude of the highest esteem.

As you may very well know, the perennial issues of fraud, waste and abuse have haunted successive governments for over one and a half centuries. Liberia continues to fail to muster the desired political will to fight these social menaces. The General Auditing Commission, the frontliner for fighting fraud, waste and abuse was, in the past, under-funded, understaffed and politicized to defeat the principles of accountability and transparency.

Today, the landscape for fighting fraud, waste and abuse in government has changed or is changing dramatically remarkably. The 2005 legislative amendment and a pending amendment of the GAC Act before the Honorable House of Representatives will, undoubtedly, strengthen and make the GAC more service-oriented and functional in complementing your oversight responsibility to ensure that the government is managing public funds accountably and implementing programs accordingly.

This is an enormous responsibility given Liberia's recent political upheaval and the disregard for standard and passion to encourage fraud, waste and abuse as a Liberian way of doing things in both the private and public sectors.

However, the political dynamics of the world is changing. Financial institutions, donor entities and other development partners now make accountability, transparency and good governance key requirements for financial assistance. Unless, we embrace the world's new mindset on how government is run, we stand to lose the respect and admiration of the international community—now and in the future. Given our historical genesis as Africa's first independent republic, this is totally unacceptable to our people—yesterday, today and tomorrow.

Liberia, unfortunately, is still struggling with accountability, the first ingredient for good governance. This makes the GAC critical in restoring a sense of accountability in both the private and public sectors in Liberia. The GAC is already perceived by our international partners and other

stakeholders in Liberia's democratization process as a bulwark in helping your Honorable House to stamp out fraud, waste and abuse in today's Liberia.

Accountability, Honorable House of Representatives, is a sine qua non in restoring integrity and dignity in public service. We cannot build this country unless we reinvent, remodel and reinvigorate our system of accountability that is standard, time-tested and transparent. Anything to the contrary will make this nation and its great people stagnant, underdeveloped and insensitive to change.

The international community, like the framers of the Liberian Constitution, now realizes the importance of the GAC as the singular institution for accountability to fight fraud, waste and abuse—now and in the future.

Clearly, in the absence of a functioning GAC, accountability is an illusion.

Your institution is to ensure that this or any sitting government manages public funds wisely and efficiently and implements nationally approved programs. The GAC was, therefore, created to perform that task for you so that you do not falter in the discharge of that time-consuming responsibility. This is why the GAC reports directly to you...not to the Executive or the Judiciary as clearly stated in the 2005 amendment of the act that created the GAC. This is why the GAC needs to be transformed to withstand the test of time and public scrutiny. This is why the GAC is submitting its fiscal year annual budget to you, as it is consistent with international best practices.

To achieve our goals, three fundamental requirements have to be met: **Securing adequate funding for infrastructure as well as qualified manpower.**

The December 2006 UN Panel of Expert Report (pages 34 and 35) concurs that for Liberia to have a viably reliable GAC to fight fraud, waste and abuse, the GAC must be independent, well funded, well staffed and adequately housed to do its work in dignity and honor.

Below, please see excerpts from the Panel of Experts report:

- "...Furthermore, the recast budget slashed the budget of the General Auditing Office to one third of its original size. As a result, the functioning of the Office has been badly affected. The strengthening of the Office as an instrument of accountability is of paramount importance (page 34).

- “The General Auditing Office should be strengthened and adequate infrastructure and qualified manpower provided so that it can carry out its onerous responsibilities (page 34).”

The UN Panel of Experts, like the Honorable members of the House of Representatives, realizes the importance of this frontline accountability institution. However, without adequate funding, the GAC is a toothless bulldog that will under-perform and, by extension, under-serve the National Legislature and the nation thus failing in the discharge of its constitutional responsibility.

Against this background, the GAC needs US\$6.6 million yearly to effectively and professionally discharge its responsibilities—to institute accountability and transparency as well as fight fraud, waste and abuse in both the private and public sectors.

The GAC is, therefore, asking the National Legislature for US\$6.6 million in the 2007/2008 budget appropriation.

For this fiscal year (2006/2007), I am, also, asking for an immediate budget amendment to provide \$2,175,519, of which US\$800,000 is estimated for the renovation and furnishing of the Old Executive Mansion and its annex to serve as the GAC training Center of Excellence. Another US\$100,000 is earmarked to actively and competitively recruit qualified manpower.

The Annex to the Old Executive Mansion is expected to serve as a training theater for auditors, staff and members of the National Legislature, financial reporters and investigators in the media and civil society. The remaining amount would be used mainly to competitively recruit qualified staff and provide for administrative expenses during the remaining 2.5 months of the fiscal year, beginning on April 15, 2007.

The GAC budget was reduced by two-thirds during the last budget recast.

The UN Panel of Experts recommended a host of things that GAC must do, including, auditing rice and oil importers in 3 months, and ensuring that annual audits of ministries, departments and agencies are conducted dating October 2003.

The Panel also recommended the GAC audit the annual proposed budget of the administration to ensure accuracy and comprehensiveness. It is the expectation that members of the Honorable House of Representatives would welcome these recommendations and ensure that they are done.

Auditing the fiscal budget, particularly the revenue budget, is of critical importance. However, this and other auditing exercises cannot be done effectively, objectively and professionally without the emergency funding.

The GAC, as an institution of the National Legislature, believes that accountability is the leeway to national development and stability. It is our responsibility to empower it to carry out its constitutional responsibility.

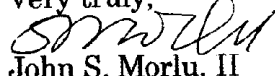
Liberia has to grow. And for any nation to grow, it must embrace accountability to change the lives of its people. With proper accountability, Liberia stands to save millions of dollars in lost revenue that we lose through fraud, waste and abuse—day in, day out. With accountability, Liberia's honor and respect will be restored nationally and internationally. No one can dispute this.

Our partners continue to say so everyday. The challenge is ours—we can either listen and rebuild this country or turn our ears the other way, as we have done for over one and a half centuries, and continue on the path of stagnation, underdevelopment and instability.

We owe it to our people to do the right things to change their lives. We cannot sidestep this responsibility. Posterity is looking us in our eyes. This cannot wait. It is either done now or we continue to gamble with our people's wellbeing.

Thanks for your usual cooperation and support in the fight against Liberia's three diabolical enemies—fraud, waste and abuse.

Very truly,



John S. Morlu, II  
Auditor-General, Republic of Liberia

Cc:

1. **Rep. Kettehkumeh Murray**, Chairman, Executive
2. **Rep. James P. Biney**, Chairman, Public Accounts and Auditing
3. **Rep. Alex J. Tyler**, Chairman, Ways, Means and Finance
4. **Rep. Armah Sarnor**, Chairman, Judiciary Committee
5. **Rep. Edwin Juah**, Chairman, Foreign Relations

**Attachments:**

PowerPoint Presentation on the GAC Budget