



REPUBLIC OF LIBERIA  
**GENERAL AUDITING COMMISSION**

P. O. BOX 10 - 9026  
MONROVIA, LIBERIA



OFFICE OF THE AUDITOR GENERAL

**GAC/OAG/SEN/RL00001**

March 22, 2007

Honorable Isaac Nyenabo, Senate Pro Tempore  
Members of the Honorable House of Senate  
The Liberian House of Senate  
Unity Conference Center, Virginia, Liberia

Dear Honorable Nyenabo:

I am highly grateful to the Honorable House of Senate for my speedy confirmation as Auditor General of Liberia.

The swiftness of the confirmation process indicates the seriousness the Honorable House of Senate, like the House of Representatives, attaches to the General Auditing Commission as an integral arm of the National Legislature to help it monitor government's management 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.

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 Senate 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 to clampdown on fraud, waste and abuse. Yet, 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. GAC welcomes the President's insistence that these donor partners also become more transparent and accountable to Liberians in how funds earmarked for Liberia is used.

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.

Accountability, Honorable House of Senate, is a sine qua non in restoring integrity and dignity in public service. We cannot build this country unless we reinvent 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; in the absence of a functioning GAC Liberia can never win the war on fraud, waste and abuse. No nation has become accountable to the people without a supreme audit institution like the GAC. Liberia will be no exception!

As we move toward building a world class General Auditing Commission, two fundamental requirements have to be met: Providing financing to secure adequate infrastructure and qualified manpower.

In addition to the recommendations of the December 2006 UN Panel of Expert Report (pages 34 and 35), the Panel made the following observations and recommendations:

- "...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 Senate and the President, 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. In its December 2006 Report, 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 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 Senate would welcome these recommendations and ensure that they are done.

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

Fiscal Year 2007/2008 must be named the "Revenue Accountability Year," wherein every penny that belongs to the Liberian people is identified and accounted for through the National Budget. Accountability begins with the budget process, Honorable House of Senate. The more the Nation can identify in revenues, the more there is to spend on programs, projects and civil servants salaries.

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.

In no small measure, this is a historic opportunity to change things around radically in Liberia. You now have an institution to assist you provide oversight of government finances, programs and activities. This opportunity must not be squandered with a weakened and nonfunctioning General Auditing Commission. So the opportunity is yours, the General Auditing Commission's responsibility is to deliver meaningful results to you and the Liberian people.

Thanks for your usual cooperation and support in the fight against Liberia's three diabolical enemies—fraud, waste and abuse. Consistent with best international practices, the GAC has submitted its fiscal year budget to the National Legislature. You now have a responsible to the people of Liberia to decide on the merits of the budget, since you are indeed the custodian of the Nation's purse.

Very truly,



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

Cc:

1. **Sen. Gloria Musu Scott**, Chairwoman, Executive
2. **Sen. J. Jonathan Banney**, Chairman, Public Accounts and Auditing
3. **Sen. Sumo Kupee**, Chairman, Banking and Finance
4. **Sen. Jewel-Howard Taylor**, Chairwoman, Autonomous Agencies
5. **Sen. Abel Massalay**, Chairman, Foreign Relations Committee
6. **Sen. Frederick D. Cherue**, Chairman, Judiciary Committee

**Attachments:** PowerPoint Presentation on the GAC Budget