



**9<sup>th</sup> LEITI Report**  
**FY 15-16**

**Stakeholder Workshop**

**Monrovia, 24 November 2017**



# Content

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- ❖ **Reconciliation Process**
- ❖ **Reconciliation Scope**
- ❖ **Reporting Templates**
- ❖ **Instructions for Completion of Templates and Supporting Schedules**
- ❖ **Lessons Learnt from the Previous Reconciliation Exercises**
- ❖ **Recommendations**
- ❖ **Deadline for Submissions**
- ❖ **Outstanding Contextual Information**
- ❖ **Contact**

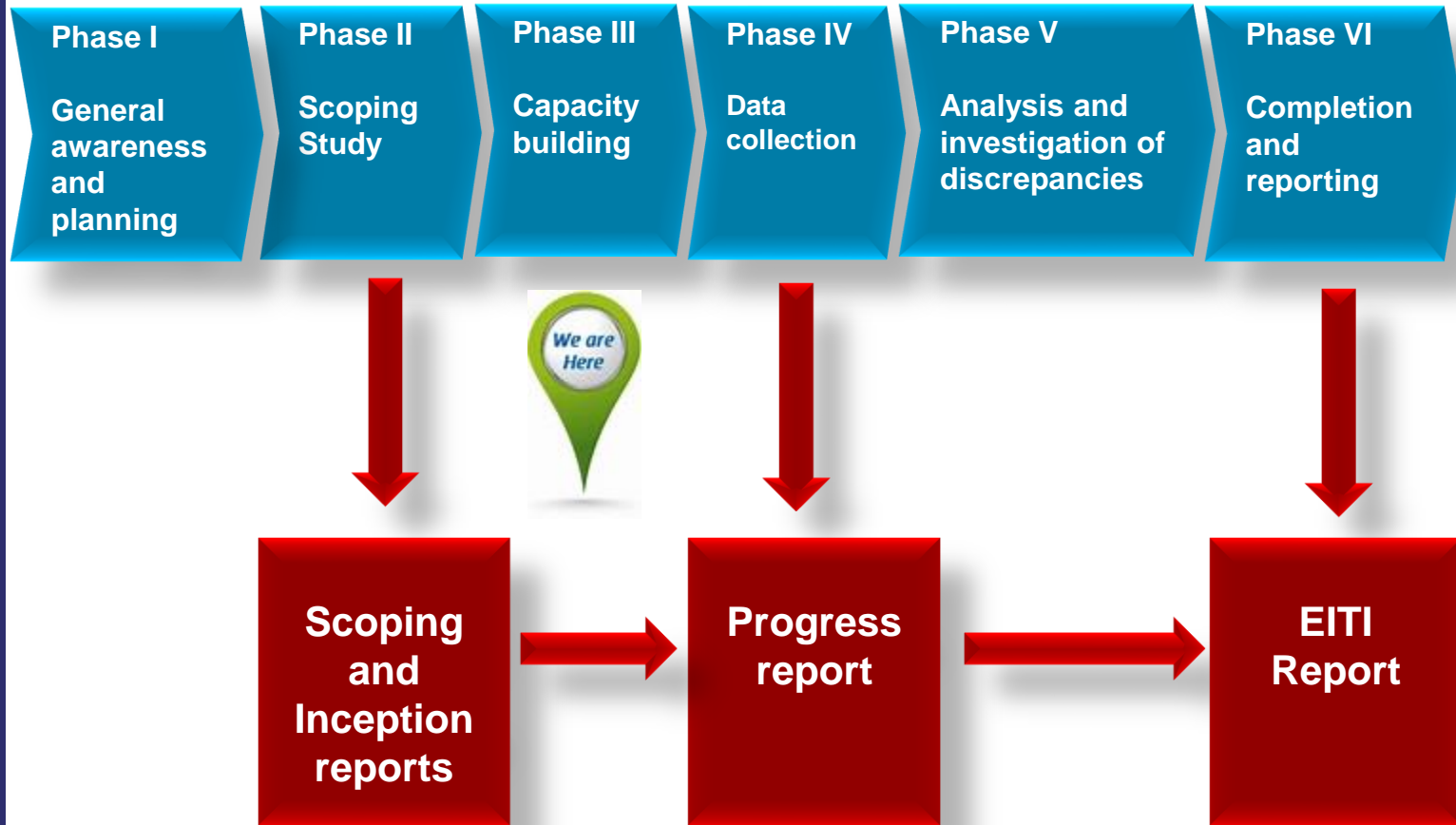
# Reconciliation process

(continued)

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# Reconciliation process

(continued)

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## Schedule of the remaining phases

Phase	Week commencing on													
	20 Nov	27 Nov	04 Dec	11 Dec	18 Dec	25 Dec	01 Jan	08 Jan	15 Jan	22 Jan	29 Jan	05 Feb	12 Feb	19 Feb
Phase III: Capacity building														
Phase IV: Data Collection					(a)									
Phase V: Analysis and investigation of discrepancies														
Phase VI: Completion and reporting												(b)		(c)

(a) Data Collection Report

(b) Draft EITI Report

(c) Final EITI Report



# Reconciliation process

(continued)

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## Activities

- ❖ Understand the size of the extractive industry in Liberia and payment streams between extractive companies and Government Agencies.
- ❖ Determine which extractive companies and Government Agencies are to be included in the reconciliation exercise.
- ❖ Determine the list of taxes, fees and charges to be included in the reconciliation exercise.
- ❖ Update the reporting template.
- ❖ Conduct a training workshop for all stakeholders.

# Reconciliation process

(end)

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## Activities

- ❖ Dispatch the reporting package to extractive companies and Government Agencies.
- ❖ Reconcile all data submitted by extractive companies and Government Agencies.
- ❖ Identify and analyse discrepancies between reported amounts.
- ❖ Justify and explain if possible the discrepancies and operate the necessary adjustments.
- ❖ Produce the LEITI report.

# Reconciliation scope

(continued)

## Extractive companies

- ❖ MSG agreed to **reconcile** companies paying taxes of more than **US\$ 100,000**. Companies paying taxes below this threshold will be added to the EITI Report through **unilateral disclosure** from Government Agencies.
- ❖ Based on the above, **36** companies will be reconciled. These companies are summarised as follows:

Sector	Nb of companies
Mining	14
Agriculture	10
Forestry	9
Oil & Gas	3
<b>Total</b>	<b>36</b>

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# Reconciliation scope

(continued)

## Extractive companies

❖ These companies are detailed by sector as follows:

N° Oil & Gas	N° Mining	N° Forestry	N° Agriculture
1 Anadarko Liberia	1 Afric Diam	1 Alpha Logging	1 Cavalla Rubber Co
2 Chevron Lib. Ltd	2 Arcelor Mittal	2 Atlantic Resources Ltd	2 Equatorial Palm
3 Exxon Mobil E&P	3 BEA Mountain Mining	3 Euro Liberia Logging	3 Firestone
	4 BHP Billiton	4 Forest Venture	4 Golden Veroleum
	5 Boart Longyear	5 Geblo Logging Inc.	5 Liberia Forest Prod
	6 CGGC Mining	6 Inter. Consultant Capital	6 Liberian Agricultural Comp
	7 China-Union Investment	7 Liberian Hardwood Corp.	7 Libinc Oil Palm
	8 Madina Rock Crusher	8 Mandra Forestry	8 Maryland Oil Palm
	9 Messrs Western Cluster	9 Mandra-LTTC	9 Salala Rubber Corp
	10 MNG Gold Lib Inc.		10 Sime Darby Plant
	11 Monurent		
	12 Putu Iron Ore Mining.		
	13 Royal Company		
	14 West Africa Diamonds		

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# Reconciliation scope

(continued)

## Revenue Streams

- ❖ MSG agreed to **reconcile** revenue streams above **US\$ 100,000** (at aggregated level). Payments below this threshold will be added to the EITI Report through **unilateral disclosure** from Government Agencies.
- ❖ Based on the above, **26** revenue streams will be reconciled. These payments are summarised as follows:

N° Revenue streams	N° Revenue streams	N° Revenue streams	N° Revenue streams
1 Withholding taxes	8 Company Income Tax (CIT)	15 GST	22 Land Permit Fees
2 Royalties	9 Administrative fees	16 Payment Against Annual Lease	23 Annual Lease
3 Surface rental	10 Area fees	17 Chain of custody management fee (PSI)	24 Farm use in urban areas
4 Customs user fees	11 Handling of Logs	18 RURAL Service tax	25 Minerals License fees
5 Stumpage fees	12 Import duties	19 Monthly Lease Payment	26 Social welfare contribution
6 Log Export Fees	13 ECOWAS Trade Levy (ETL)	20 Rural Energy Fund	
7 Bid premium	14 Annual training	21 Contribution to University	

# Reconciliation scope

(continued)

## Government Agencies

- ❖ Based on the approved reconciliation scope, **4** Government Agencies will be required to report data for the FY 15-16 EITI Report. These Agencies are summarised as follows:

### N° Government Agency

- 1 Liberia Revenue Authority (LRA)
- 2 National Port Authority (NPA)
- 3 National Oil Company of Liberia (NOCAL)
- 4 Environmental Protection Agency (EPA)

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# Reconciliation scope

(continued)

## Coverage Rate

- ❖ Based on the approved approach, approximately **96%** of Government Receipts will be reconciled during the FY 15-16.

Designation	Revenues above Materiality threshold	Revenues below Materiality threshold	Total
	<i>"to be reconciled"</i>	<i>"unilateral disclosure by Govt Agencies"</i>	
Value in US\$ million	54.94	2.36	57.30
%	95.88%	4.12%	100.00%

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# Reconciliation scope

(end)

## Reconciliation of mandatory social payments

### Oil and gas sector

- ❖ Transfers made by NOCAL to the UL and REFUND will be reconciled.



### Forestry sector

- ❖ Mandatory social payments made by forestry companies to Communities Forest Development Committee (CFDC) and Community benefit sharing scheme will be reconciled.

# Reporting Templates

(continued)

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## Content

- ❖ Supporting schedules – **compulsory**
- ❖ Audited templates – **compulsory**
- ❖ Instructions for completing Reporting Templates

N° Reporting templates	Extractive companies	Government Agencies
1 Identification Sheet	ALL	
2 Payment/Receipt Report	ALL	ALL
3 Payments Flow Detail	ALL	ALL
4 Mandatory Social Payments Detail	ALL	
5 Voluntary Social Payments Detail	ALL	
6 Production Detail	ALL	
7 Exportation Detail	ALL	LRA (Customs)
8 Infrastructure Provisions and Barter Arrangements	ALL	ALL
9 Employment Detail	ALL	

# Reporting Templates

(end)

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## Reporting Templates for Extractive companies



Template -  
Extractive companies

## Reporting Templates for Government Agencies



Template -  
Government Agencies

# Instructions for Completion of Templates and Supporting Schedules

(continued)

## Payments et contributions to be included

- ❖ Payments made during the reconciliation period.



- ❖ Payments made to LRA, NPA, NOCAL and EPA in respect of the revenue streams included in the reconciliation scope.
- ❖ The date to be considered is the one recorded on the official receipt.
- ❖ Payments made by the company i.e. with the same Tax Identification Number.

# Instructions for Completion of Templates and Supporting Schedules

(continued)

## Payments and contributions to be excluded

- ❖ Payments made outside the reconciliation period.
- ❖ Payments made to Government Agency not included in the reconciliation scope or in respect of revenue streams not included in the reconciliation scope.
- ❖ Taxes accrued and not paid during the period under review.

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# Instructions for Completion of Templates and Supporting Schedules

(continued)

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## Supporting Schedules

- ❖ Supporting schedules **should** be prepared for all figures reported in the **Payment/Receipt Report** using the format provided in the Reporting Template.
- ❖ The total of the supporting schedules **should** agree with the total of the Payment/Receipt Report.
- ❖ If more convenient, the supporting schedules **can** be prepared in another format or be in the form of computer print outs or typed lists. However, they must contain the same information.

# Instructions for Completion of Templates and Supporting Schedules

(continued)

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## Payment receipt

- ❖ All figures included in the reporting template and supporting schedules must be calculated on a strict **cash basis**.
- ❖ Originals or copies of official receipts **are not requested** with the reporting template.
- ❖ Official receipts should be made available in case further investigations are needed.

# Instructions for Completion of Templates and Supporting Schedules

(continued)

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## Government agencies

- ❖ Government Agencies should prepare a separate reporting template **for each** extractive company.
- ❖ For companies which did not carry out payments during FY 15-16, Government Agencies are required to send **a nil** reporting template.

# Instructions for Completion of Templates and Supporting Schedules

(continued)

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## NOCAL

NOCAL should submit **2** types of templates:

- ❖ the first template for payments made to Government Agencies, where NOCAL will have to report all payments and transfers made to other Government Agencies.
- ❖ the second template for payments received from Oil & Gas companies. This is where NOCAL acts as the state-owned enterprise (as a Government Agency) and should therefore submit separate templates for each Oil & Gas company.

# Instructions for Completion of Templates and Supporting Schedules

(end)

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## Reliability and Certification of Data

❖ Reporting template **should** be signed off by:

- Extractive companies : Authorised Senior Manager
- Government Agencies: Authorised Senior Officer

❖ Reporting template **should** be certified by an **External Auditor**:

- Extractive companies : Registered External Auditor
- Government Agencies: The Auditor General

❖ The Auditor General is **required** to carry out agreed upon procedures under international standards in accordance with the Terms of Reference prepared by the LEITI Secretariat.

❖ Extractive companies are **encouraged** to submit their audited 2015 and 2016 financial statements.



# Lessons Learnt from the Previous Reconciliation Exercises

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- ❖ Deadline set for submission of reporting templates was not respected.
- ❖ Reporting entities had some problems categorising the taxes and this led to several misclassifications in the reporting templates submitted.
- ❖ Some payments reported by extractive companies were accrued amounts and not cash payments.
- ❖ **Lack of communication following the submission of reporting template. Difficulties to resolve discrepancies.**



# Recommendations

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- ❖ Appoint the appropriate person to prepare the reporting template (Accounts Officer, Tax Officer).
- ❖ Use correct company name.
- ❖ Contact External Auditors in order to plan their intervention for the certification of reporting templates before the deadline.

# Deadline for Submissions

- ❖ Importance of sending soft copies of reporting template on time:

**Friday 15 December 2017**

- ❖ Soft copies (in **MS Excel**, not PDF) to be emailed to:

Entity	E-mail address
Independent Administrator (IA)	leiti@moorestephens.com
General Auditing Commission (GAC)	acwollo-woiwor@gac.gov.lr please copy: wsnanka@gac.gov.lr

- ❖ **Certified** hard copies with original signatures to be sent in sealed envelope to LEITI Secretariat no later than **Friday 22 December 2017:**

***Liberia Extractive Industries Transparency Initiative Secretariat (LEITI)  
Old Bureau of the Budget Building  
Capitol Hill  
Monrovia, Liberia***

- ❖ Scanned copy of the audited financial statements can be emailed to:  
[leiti@moorestephens.com](mailto:leiti@moorestephens.com)





# Outstanding Contextual Information

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- ❖ Although only LRA, NPA, NOCAL, EPA and GAC will be involved in the reconciliation exercise, other Government Agencies remain part of the general reporting process to answer potential queries and provide contextual information about the sectors they regulate.
- ❖ These Agencies are mainly: **CBL, MoCI, MoA, MFDP, NBC, FDA, MLME, EPA and MoL.**
- ❖ Unfortunately some information/clarifications are **not yet provided.**
- ❖ We rely on the full **cooperation** of all Government Agencies to produce an EITI Report which covers all EITI requirements.



# Contact

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- ❖ Please provide your email addresses and contact details in the attendance sheet.
- ❖ Please address queries to the IA's generic e-mail address: [leiti@moorestephens.com](mailto:leiti@moorestephens.com)



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**Questions?**  
Questions?