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**AUDIT SERVICES  
CORPORATION**

MINISTRY OF FINANCE  
PUBLIC FINANCIAL MANAGEMENT PROJECT  
IDA CREDIT NO.5766-ET  
MANAGEMENT LETTER  
FOR THE YEAR ENDED 7 JULY 2019



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**The Federal Democratic Republic of Ethiopia  
Audit Services Corporation**

6 January 2020

The Minister  
Ministry of Finance  
Addis Ababa

Dear Sir,

**MINISTRY OF FINANCE  
PUBLIC FINANCIAL MANAGEMENT PROJECT  
IDA CREDIT No. 5766-ET  
MANAGEMENT LETTER  
FOR THE YEAR ENDED 7 JULY 2019**

We hereby submit our findings and recommendations on weaknesses in internal control and other matters which came to our attention during the audit of the financial statements of Ministry of Finance, Public Financial Management Project, financed under IDA Credit No. 5766-ET (hereinafter referred to as the Project) for the year ended 7 July 2019.

We attach the following for reference:

Independent auditor's report  
Balance Sheet  
Statement of sources and uses of funds  
Notes to the financial statements  
Designated account statement

As part of our audit of the Project, we have visited:

- Ministry of Finance
- Public Procurement and Property Administration Agency (PPPAA)
- Oromia National Regional State, Bureau of Finance and Economic Cooperation.

It must be appreciated that the matters dealt with in this report came to our attention during the conduct of our normal audit procedures which are designed primarily with a view to the expression of our opinion on the financial statements of the Project and therefore our examination cannot be expected to disclose all possible weaknesses in internal control and to uncover all other findings which a more extensive special examination might reveal.

☎ 251-011-5515222  
251-011-5535012  
251-011-5535015  
251-011-5535016

Fax 251-011-5513083

E-mail: [ASC@ethionet.com](mailto:ASC@ethionet.com)

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## CASH AND BANK BALANCES

### Finding

- 1.1 The bank reconciliation statement for bank account No. 0100101040682 of Public Procurement and Property Administration Agency was noted to have been erroneously prepared as the book balance of Birr 9,548,528 considered for the reconciliation preparation was incorrect while the correct one being Birr 9,880,456.

### Management's Response

Corrective action will be taken and the issue will be solved in future.

### Implication

Control weakness.

### Recommendation

The reconciliation statement should be revised taking the correct details of reconciliation transactions.

- 1.2. In our review of reconciliation statements of bank accounts at the Public Procurement and Property Administration Agency we also noted instances whereby reconciliation statements were not signed for an independent checking and approval.

### Implication

Control weakness.

### Management's Response

No response.

### Recommendation

All reconciliation statements should be checked and approved by an independent person for a better control over the accounts.