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The Federal Democratic Republic of Ethiopia
Audit Services Corporation

**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF
THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FINANCE
PRODUCTIVE SAFETY NET PROGRAMME PHASE-IV (PSNP-IV)**

We have audited the accompanying financial statements of Productive Safety Net Programme Phase-IV (PSNP-IV) of the Federal Democratic Republic of Ethiopia, Ministry of Finance, which comprise the balance sheet as at 7 July 2019, and the statement of sources and uses of funds for the year then ended and a summary of significant accounting policies and other explanatory information.

Responsibility for the Financial Statements

The Ministry of Finance is responsible for the preparation and fair presentation of these financial statements in accordance with the Ethiopian Government's Manual of the Federal Accounting System which is based on a modified cash basis of accounting, and for such internal control as the Ministry determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF
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MINISTRY OF FINANCE
PRODUCTIVE SAFETY NET PROGRAMME PHASE- IV (PSNP- IV) (continued)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Productive Safety Net Programme Phase-IV (PSNP-IV) of the Federal Democratic Republic of Ethiopia, Ministry of Finance as at 7 July 2019 and of its sources and uses of funds for the year then ended in accordance with the Ethiopian Government's Manual of the Federal Accounting System which is based on a modified cash basis of accounting described in note 2 to the financial statements.

Reports on other requirements

As required by the terms of reference for financial audit and the World Bank guidelines we report that, to the extent we can assess:

- a) All external financing has been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
- b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency and only for the purposes for which they are provided;
- c) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of the World Bank Procurement policies and procedures;
- d) All necessary supporting documents, records and accounts have been maintained in respect of all project activities;
- e) Designated Accounts have been maintained in accordance with the provisions of the relevant financing agreements and funds disbursed out of the Accounts were used only for the purposes intended in the financing agreements;
- f) National laws and regulations have been complied with and that the financing and accounting procedures approved for the Programme were followed and used;
- g) Financial performances of both the Programme and of implementing partners are satisfactory;
- h) Assets procured from Programme funds exist and there is a verifiable ownership by the Programme implementing agencies or beneficiaries in line with the financing agreement; and
- i) Ineligible expenditures included in withdrawal applications are identified and reimbursed to the Designated Accounts and or the donor partners.



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Furthermore, with respect to the interim financial reports (IFRs) submitted during the year and listed on page 22, in our opinion,

- i) the reports, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals;
- ii) adequate supporting documentation has been maintained to support the expenditures incurred; and said expenditures are eligible for financing under IDA Credit Nos. 5540-ET, 5877-ET and 6041-ET; Grant TF OA3267 and TFOA 1426 D2330 WFP and Multi Donors Co-financing;
- iii) Ineligible expenditures which were identified had been reimbursed either to the Designated Accounts and or the donor partners.

Audit Services Corporation

3 January 2020

**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
 MINISTRY OF FINANCE
 PRODUCTIVE SAFETY NET PROGRAMME PHASE-IV (PSNP- IV)
 BALANCE SHEET
 AS AT 7 JULY 2019**

	Notes	Ethiopian Birr	2018 Ethiopian Birr
ASSETS			
CURRENT ASSETS			
Cash at bank	2b,3	3,266,876,243	3,227,162,670
Cash on hand	4	26,722,309	7,048,993
Advances	5	<u>1,554,569,135</u>	<u>314,817,407</u>
		4,848,167,687	3,549,029,070
CURRENT LIABILITIES			
Accounts payable	6	<u>871,841,109</u>	<u>328,370,107</u>
NET CURRENT ASSETS		<u>3,976,326,578</u>	<u>3,220,658,963</u>
REPRESENTED BY			
ACCUMULATED FUND	8	<u>3,976,326,578</u>	<u>3,220,658,963</u>

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
 MINISTRY OF FINANCE
 PRODUCTIVE SAFETY NET PROGRAMME PHASE- IV (PSNP- IV)
 STATEMENT OF SOURCES AND USES OF FUNDS
 FOR THE YEAR ENDED 7 JULY 2019

	Year ended 7 July 2019 Ethiopian Birr	Cumulative from 9 April 2015 to 7 July 2019 Ethiopian Birr	Year ended 7 July 2018 Ethiopian Birr
SOURCES			
IDA Credit (APL- IV) 5540 ET	589	11,737,292,887	2,616,017
IDA Credit (APL-IV) 5877ET	-	2,140,016,812	-
IDA Credit (APL-IV) 6041 ET	25,370	2,568,256,874	28,200,677
Grant from DFID	2,634,116,118	10,355,877,921	3,037,808,257
Irish Aid	330,865,294	1,146,757,090	326,298,687
Grant from TF OA 1426	476,158,707	2,180,380,726	-
Grant from TF OA 3267	1,399,021,601	2,175,977,333	390,682,653
IDA D233 ERPSNP	6,642,541,514	10,888,669,441	4,246,127,926
WFP	-	513,214,532	513,214,532
Austrian Development Agency	-	48,322,800	-
UNICEF	-	344,843,442	307,393,269
Transfer from PSNP- III	-	79,806,761	-
Government Contribution	2,346,659,945	6,065,739,483	1,918,472,116
Refund from Afar Regional State	-	17,547,506	2,825,989
Loss on foreign exchange	79,662,178	311,143,489	367,795,498
TOTAL SOURCES	<u>13,909,051,316</u>	<u>50,573,847,097</u>	<u>11,141,435,621</u>
USES			
Key instrument	46,257,080	65,935,806	13,632,283
Woreda CD	114,753,839	114,753,839	-
Capacity Building	108,878,055	377,703,135	167,356,098
Permanent direct support transfer	2,220,856,345	6,086,327,766	1,585,849,894
Public works, and temporary directorate support transfer	6,890,403,821	26,202,190,940	4,481,534,461
Woreda contingency	313,639,116	1,355,343,572	262,320,751
Federal contingency	1,182,487,386	4,803,763,233	2,674,871,484
Capital expenditure for public work	897,948,577	3,526,212,640	892,590,291
Livelihood transfer	303,727,806	406,941,446	69,644,000
Livelihood capacity building	159,393,554	708,508,404	166,079,235
Woreda Administration	193,640,031	752,887,463	194,597,002
Woreda salary	374,820,651	1,076,121,243	319,124,153
Regional Management	136,014,758	605,204,359	137,051,081
Federal Management	116,544,772	321,277,179	101,991,400
Regional Management livelihood	32,632,338	65,670,377	26,209,014
E-payment	62,385,572	128,679,117	43,403,830
TOTAL USES	<u>13,153,383,701</u>	<u>46,597,520,519</u>	<u>11,136,254,977</u>
EXCESS OF SOURCES OVER USES	<u>755,667,615</u>	<u>3,976,326,578</u>	<u>5,180,644</u>

**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FINANCE
PRODUCTIVE SAFETY NET PROGRAMME PHASE-IV (PSNP- IV)
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2019
Account number	0100101300501
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Credit	IDA Credit 5540 ET (APL-IV)
Currency	USD

Balance at 7 July 2018	1.72
Advance received during the year	<u>20.90</u>
Ending balance - 7 July 2019	<u>22.62</u>

**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FINANCE
PRODUCTIVE SAFETY NET PROGRAMME PHASE-IV(PSNP- IV)
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2019
Account number	0100101300548
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Credit	IDA D233-ET ERPSNP
Currency	USD Special account

Balance at 7 July 2018	11.31
Credit fund received during the year	234,741,540.84
Deduct:	
Transfer to pool Birr account	186,888,346.00
Transfer to FFSCD	<u>23,882,100.00</u>
	<u>210,770,446.00</u>
Ending balance - 7 July 2019	<u>23,971,106.15</u>

**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
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PRODUCTIVE SAFETY NET PROGRAMME PHASE-IV (PSNP- IV)
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2019
Account number	0100101300501
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Credit	IDA Credit 6041ET (APL IV)
Currency	USD

Balance at 7 July 2018	0.00
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Ending balance - 7 July 2019	<u>0.00</u>
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**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FINANCE
PRODUCTIVE SAFETY NET PROGRAMME PHASE-IV (PSNP IV)
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2019
Account number	0100101300505
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Grant	IRISH AID
Currency	EURO

Balance at 7 July 2018	1.00
Grant received during the year	<u>10,399,925.00</u>
	10,399,926.00
Deduct:	
Transfer to pool Birr account	9,204,293.00
Transfer to FFSCD	<u>1,195,631.26</u>
	<u>10,399,924.26</u>
Ending balance – 7 July 2019	<u>1.74</u>

**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
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PRODUCTIVE SAFETY NET PROGRAMME PHASE-IV(PSNP- IV)
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2019
Account number	0100101300525
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Grant	DFID
Currency	GBP

Balance at 7 July 2018	147,698.62
Grant received during the year	<u>73,806,002.38</u>
	73,953,701.00
Deduct;	
Transfer to pool Birr account	48,870,069.00
Transfer to FFSCD	<u>13,108,183.15</u>
	<u>61,978,152.15</u>
Ending balance – 7 July 2019	<u>11,975,448.85</u>

**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
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 PRODUCTIVE SAFETY NET PROGRAMME PHASE-IV (PSNP- IV)
 DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2019
Account number	0100101300533
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Grant	TF Grant No OA1426
Currency	USD

Balance at 7 July 2018	2.00
Grant received during the year	<u>17,175,518.60</u>
	17,175,520.60
Deduct:	
Transfer to pool Birr account	3,572,915.94
Transfer to FFSCD	<u>13,602,602.00</u>
	<u>17,175,517.94</u>
Ending balance – 7 July 2019	<u>2.66</u>

**THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
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 PRODUCTIVE SAFETY NET PROGRAMME PHASE-IV (PSNP- IV)
 DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2019
Account number	0100101300542
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Grant	TF Grant No OA3267
Currency	USD

Balance at 7 July 2018	0.00
Grant received during the year	49,109,934.41
Deduct:	
Transfer to pool Birr account	6,477,975.00
Transfer to FFSCD	12,163,798.00
Transfer to NDRMC	<u>468,159.30</u>
	19,109,932.30
Ending balance – 7 July 2019	<u>30,000,002.11</u>

