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**AUDIT SERVICES
CORPORATION**

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

MINISTRY OF FINANCE

COVID-19 RESPONSE EDUCATION PROJECT(COVID-19ERP)

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

07 JULY 2022



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Office of the Federal Auditor General
Audit Service Corporation

**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF MINISTRY OF FINANCE
COVID -19 RERPNSE EDUCATION PROJECT (COVID -19 ERP)**

Opinion

We have audited the accompanying financial statements of COVID -19 Response Education Project (COVID -19 ERP) of the Federal Democratic Republic of Ethiopia, Ministry of Finance, financed by Global Partnership for Education (GPE) Grant Number TF0B3228, which comprise the balance sheet as at 7 July 2022, and the statement of sources and uses of funds and a Designated Account statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion the financial statements give a true and fair view of the financial position of COVID-19 Education Response Project of the Federal Democratic Republic of Ethiopia Ministry of Finance, financed under GPE Grant Number TF0B3228, as at 7 July 2022 and of its sources and uses of funds for the period 08 December 2020 to 07 July 2022 in accordance with the Ethiopian Government's Manual of the Federal Accounting System which is based on a modified cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA).

We are independent of the audited entity / Ministry of Finance and its sub implementers in accordance with the relevant ethical requirements relating to the audit, and have fulfilled the auditor's other ethical responsibilities in accordance with these requirements as per the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).

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

Responsibilities of Management 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 Responsibilities for the Audit of the Financial Statements

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.

Report on other requirements

As required by the terms of reference and the World Bank guidelines we must report, in addition to our opinion, that

- during the period 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;
- The goods have been distributed to the entitled beneficiaries as per the allocated quantity,
- 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 were provided,

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- goods, works and services financed have been procured in accordance with the relevant financing agreement including specific provision of the World Bank Procurement Policies and Procedures;
 - all necessary supporting documents, records and accounts have been maintained in respect of all project activities; including expenditures reported under Interim Unaudited Financial Statements (IFR) methods of reporting
 - Designated Account has been maintained in accordance with the provisions of the financing agreement and funds disbursed out of the Account were used only for the purposes intended in the financing agreement;
 - National laws and regulations have been complied with and that the financing and accounting procedures approved for the Project;
 - Financial performance of the Project is satisfactory;
 - No fixed assets were procured from the Project funds;
 - we did not come across with any ineligible expenditures included in withdrawal applications; and
 - Furthermore, with respect to the interim financial reports (IFRs) submitted during the period ended 07 July 2022 and listed on page 9, in our opinion,
- I. The reports, together with the procedures and internal controls involved in their preparation can be relied upon to support the relevant withdrawals;
- II. Adequate supporting documentation has been maintained to support claims to GPE, and
- III. Expenditures are eligible for financing under GPE Grant Number TF0B3228.

AUDIT SERVICES CORPORATION

Date: 04 January 2023

MINISTRY OF FINANCE
COVID -19 EDUCATION RESPONSE PROJECT
BALANCE SHEET
AS AT 07 JULY 2022

	<u>Notes</u>	<u>Birr</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash at Bank	3	145,244,362
TOTAL CURRENT ASSET		145,244,362
CURRENT LIABILITIES		
Payable(Ministry of Education)		<u>52,549,146</u>
NET CURRENT ASSETS		<u>92,695,216</u>
<u>REPRESENTED BY</u>		
FUND BALANCE (Excess of Sources over Uses)		<u>92,695,216</u>

MINISTRY OF FINANCE
 COVID -19 EDUCATION RESPONSE PROJECT
 STATEMENT OF SOURCES AND USES OF FUNDS
 FOR THE PERIOD FRPM 08 DECEMBER 2020 TO 07 JULY, 2022

	<u>Birr</u>
Sources	
GPE TF0B3228	144,839,059
Gain or loss on exchange	<u>1,862,185</u>
	<u>146,701,244</u>
Uses	
<u>Component 2</u>	
Supporting readiness for school reopening and mitigating learning loss	52,549,146
<u>Component 3</u>	
System level resilience and project coordination	<u>1,456,882</u>
	<u>54,006,028</u>
Excess of sources over uses	<u>92,695,216</u>

MINISTRY OF FINANCE
COVID -19 EDUCATION RESPONSE PROJECT
DESIGNATED ACCOUNT STATEMENT

For the period 08 December 2020 to
07 July 2022

Account Number 0100101300599
Depository Bank National Bank of Ethiopia
Address Addis Ababa, Ethiopia
Related Credit IDA GPE Grant Number TF0B3228
Currency USD

	<u>USD</u>	<u>Equivalent in Birr</u>
GPE TFB 3228	2,831,470	144,839,059
Gain on Foreign Exchange	—	<u>1,862,185</u>
	<u>2,831,470</u>	<u>146,701,244</u>
DEDUCT		
Transfer to pool account	<u>2,812,000</u>	<u>145,688,239</u>
Ending Balance, 07 July 2022	<u>19,470</u>	<u>1,013,005</u>

MINISTRY OF FINANCE
COVID -19 EDUCATION RESPONSE PROJECT
NOTES TO THE FINANCIAL STATEMENTS

1. BACKGROUND

The objective of the Project is to maintain students' learning during school closures in response to the COVID-19 pandemic and after school re-openings, and to enable education system recovery and resilience. The project has been financed under GPE Grant Number TF0B3228

The project consists of:

Part 1. Maintaining learning Trajectories and Safety During School Closure

Part 2. Supporting Readiness for School Re-opening and Mitigating Learning Loss

Part 3. System –level Resilience and Project Coordination

This Project has the closing date on 30 December 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Project, are stated below.

a) Basis of preparation

These financial statements have been prepared in accordance with the Government's accounting system outlined in the Manual of the Federal Accounting System based on a modified cash basis of accounting.

b) Currency

These financial statements are presented in Birr. Transactions in foreign currency are translated into Birr at the approximate rate of exchange prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Birr at the exchange rate ruling at the date of the balance sheet.

MINISTRY OF FINANCE
COVID -19 EDUCATION RESPONSE PROJECT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE PERIOD 08 DECEMBER 2020 TO 07 JULY, 2022

3. Cash at Bank

	<u>Birr</u>
Pooled grant and credit special account	1,013,005
Balance in Pool Birr Account	1,932,921
Oromia National Regional State	4,691,387
Amhara National Regional State	41,357,572
SNNP Regional State	935,041
Afar National Regional State	1,798,155
Ministry of Education	<u>93,516,281</u>
	<u>145,244,362</u>

4. DATE OF AUTHORIZATION

The Channel One Programmes Coordinating Directorate Director of the Ministry of Finance authorized the issue of these financial statements on 03 January 2023.

MINISTRY OF FINANCE

COVID -19 EDUCATION RESPONSE PROJECT

IFR WITHDRAWAL SCHEDULE

FOR APPLICATIONS SUBMITTED DURING THE PERIOD FROM 08 DECEMBER
2020, TO 07 July 2022

<u>Reference No.</u>	<u>Amount Requested USD</u>	<u>Amount Disbursed USD</u>	<u>Equivalent in Birr</u>
R COVID-19ERP	731,469.75	731,469.75	37,946,748.81
COVID-19ERP01	<u>2,100,000.00</u>	<u>2,100,000.00</u>	<u>106,892,310.00</u>
	<u>2,831,469.75</u>	<u>2,831,469.75</u>	<u>144,839,058.81</u>

MINISTRY OF FINANCE
COVID -19 EDUCATION RESPONSE PROJECT
RECONCILIATION OF DESIGNATED ACCOUNT (DA)
SPECIAL POOLED DOLLAR ACCOUNT NO.0100101300599

	<u>USD</u>
Opening balance (DA), 09 December 2020	-
Advance (DA) during the period	2,831,470
Transferred to GPE from DA during the period	(2,812,000)
Transactions out of DA to the treasury during the period	-
Closing balance, 07 July 2022	<u>19,470</u>
Bank balance per bank Statement, 07 July2022	<u>19,470</u>

MINISTRY OF FINANCE

COVID -19 EDUCATION RESPONSE PROJECT

RECONCILIATION OF QUARTERLY INTERIM FINANCIAL REPORTS (IFR) WITH
YEAR END STATEMENT OF SOURCES AND USES OF FUND AND BALANCE

SHEET

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Cumulative 08 December 2020 to 07 July 2022
Source					
GPE TF0B3228	-	-	106,892,310	37,946,749	144,839,059
Gain on foreign exchange	-	-	429,450	1,432,735	1,862,185
Ministry of Education, prior year adjustment / replenishment for GEQIP E P for R	-	-	(38,100,906)	=	(38,100,906)
Total sources	-	-	<u>69,220,854</u>	<u>39,379,484</u>	<u>108,600,338</u>
Uses					
<u>Component 2</u> Supporting readiness for school reopening and mitigating learning loss	-	-	-	14,448,240	14,448,240
<u>Component 3</u> System level resilience and project coordination	=	=	=	<u>1,456,882</u> <u>15,905,122</u>	<u>1,456,882</u> <u>15,905,122</u>
Excess of sources over uses	-	-	<u>69,220,854</u>	<u>23,474,362</u>	<u>92,695,216</u>
Cash at bank					145,244,362
payable					(52,549,146)
Accumulated Fund Balance					<u>92,695,216</u>