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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

30 APRIL 2023



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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 30 April 2023, and the statement of sources and uses of funds and a Designated Account statement for the period from 08 July 2022 to 30 April 2023, 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 30 April 2023 and of its sources and uses of funds for the period 08 July 2022 to 30 April 2023 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;
- Assets procured from project funds exist and there is verifiable ownership by implementing agency in line with the financing agreement;
- 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 from 08 July 2022 to 30 April 2023 and listed on page 10, 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: 22 December 2023

MINISTRY OF FINANCE
 COVID -19 EDUCATION RESPONSE PROJECT
 BALANCE SHEET
 AS AT 30 April 2023

	<u>Notes</u>	<u>Birr</u>	<u>07 July 2022</u> <u>Birr</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	3	17,603,645	145,244,362
Advances	4	<u>10,049,823</u>	=
TOTAL CURRENT ASSET		27,653,468	145,244,362
CURRENT LIABILITIES			
Payable	5	<u>2,057,382</u>	<u>52,549,146</u>
NET CURRENT ASSETS		<u>25,596,086</u>	<u>92,695,216</u>
<u>REPRESENTED BY</u>			
FUND BALANCE	6	<u>25,596,086</u>	<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 JULY 2022 TO 30 APRIL2023

	<u>Birr</u>	Cumulative from 08 December 2020 to 30 April 2023 <u>Birr</u>	<u>07 July</u> <u>2022</u> <u>Birr</u>
<u>Sources</u>			
GPE TF0B3228	629,011,717.68	773,850,776.68	144,839,059
Gain or loss on exchange	473,761.64	2,335,946.64	1,862,185
	<u>629,485,479.32</u>	<u>776,186,723.32</u>	<u>146,701,244</u>
<u>Uses</u>			
<u>Component 2</u>			
Supporting readiness for school reopening and mitigating learning loss	661,726,723.96	714,275,869.96	52,549,146
<u>Component 3</u>			
System level resilience and project coordination	34,857,885.02	36,314,767.00	1,456,882
	<u>696,584,609.00</u>	<u>750,590,637</u>	<u>54,006,028</u>
Excess of sources over uses	<u>(67,099,130.00)</u>	<u>25,596,086</u>	<u>92,695,216</u>

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

For the period 08 July 2022 to 30
 April 2023

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

	<u>USD</u>	<u>Equivalent in Birr</u>
Balance 08 July 2022	19,470	1,013,005
Add:		
GPE TFB 3228	11,193,363.92	592,272,207.68
Gain on Foreign Exchange	-	473,761.64
	<u>11,212,833.92</u>	<u>593,758,974.32</u>
DEDUCT		
Transfer to pool account	<u>11,153,000.00</u>	590,517,808.60
Ending Balance, 07 July 2022	<u>59,833.92</u>	<u>3,241,165.72</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 FRPM 08 JULY 2022 TO 30 APRIL 2023

3. Cash

Implementing Agencies	<u>Cash at bank</u>	<u>Cash on hand</u>	<u>Total</u>	<u>07 July 2022</u> <u>Birr</u>
Pooled grant and credit special account	3,241,166	-	3,241,166	1,013,005
Pooled Birr account	2,644,823.32	-	2,644,823.32	1,932,921
Amhara National Regional State	28,398	-	28,398	41,357,572
Oromia National Regional State		-	-	4,691,387
SNNP Regional State	3,713,040	-	3,713,040	935,041
Afar National Regional State	50	-	50	1,798,155
Somali National Regional State	8,585	-	8,585	-
Gambela National Regional State	0.40	-	0	-
Harari National Regional State	97.20	-	97	-
Sidama National Regional State	56.34	-	56	-
South West Ethiopia National Regional State	36,158	-	36,158	
Ministry of Education	5,807,181	-	5,807,181	93,516,281
Ministry of Finance -Administration	2,109,815	11,816	2,121,632	-
Addis Ababa City Administration		63	63	-
Dire Dawa City Administration	36	-	36	-
Addis Ababa University	2,360	-	2,360	-
	<u>17,591,765.88</u>	<u>11,879</u>	<u>17,603,645</u>	<u>145,244,362</u>

4 .ADVANCES

	<u>Birr</u>	<u>07 july 2022</u> <u>Birr</u>
Sidama National Regional State	4	-
Ministry of Education	<u>10,049,819</u>	-
	<u>10,049,823</u>	-

5. PAYABLES

	<u>Birr</u>	<u>07 July2022</u> <u>Birr</u>
Amhara National Regiona State	27,352	-
Afar National Regional State	9,658	-
Ministry of Education	-	52,549,146
Ministry of Finance-Admin	<u>2,020,372</u>	-
	<u>2,057,382</u>	<u>52,549,146</u>

6. FUND BALANCE

		<u>07 July2022</u> <u>Birr</u>
Balance at 8 July 2022	92,695,216	-
(Deficit)/Excess of Sources over Uses of funds of the current year	<u>(67,099,130)</u>	<u>92,695,216</u>
Balance at 30 April 2023	<u>25,596,086</u>	<u>92,695,216</u>

7. DATE OF AUTHORIZATION

The Channel One Programs Coordinating Department Head, of the Ministry of Finance, authorized the issue of these financial statements on 22 December 2023.

MINISTRY OF FINANCE
COVID-19 EDUCATION RESPONSE PROJECT (COVID-19 ERP)
GPE GRANT NUMBER TF 0B3228
IFRS BASED WITHDRAWAL SCHEDULE
FOR APPLICATION SUBMITTED FROM 8 JULY 2022 TO
30 APRIL 2023

Currency: Birr

Reference Number	<u>USD</u>	<u>Birr</u>
R03 COVID-19 ERP	273,645	14,371,100
COVID-19 ERP 04	3,110,000	163,353,372
COVID-19 ERP 05	7,034,885	372,882,683
COVID-19 ERP 07R	<u>774,834</u>	<u>41,665,053</u>
	<u>11,193,364</u>	<u>592,272,208</u>

MINISTRY OF FINANCE
COVID-19 EDUCATION RESPONSE PROJECT (COVID-19 ERP)
GPE GRANT NUMBER TF 0B3228
RECONCILIATION OF THE THREE QUARTERS OF 2023
INTERIM FINANCIAL REPORTS (IFRS) WITH THE PERIOD
END STATEMENT FOR PERIOD ENDED 30 APRIL 2023

	<u>Currency Birr</u>			<u>Cumulative</u>
	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>8-Jul-18</u>
Sources	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>to</u>
				<u>30/4/2023</u>
Balance 8 July 2022				92,695,216
Collection during the year				
Cash transfer	177,724,472	330,891,083	120,396,163	629,011,718
Gain on foreign exchange	<u>90,979</u>	<u>327,268</u>	<u>55,515</u>	<u>473,762</u>
	<u>177,815,451</u>	<u>331,218,351</u>	<u>120,451,678</u>	<u>722,180,696</u>
Expenditures				
Program expenditures	61,916,339	607,459,715	27,208,555	696,584,609
Excess of Sources over uses	<u>115,899,112</u>	<u>(276,241,364)</u>	<u>93,243,123</u>	<u>25,596,086</u>
Accumulated Fund balance 30 April 2023				
Cash at bank				17,591,766
Cash on hand				11,879
Advances				10,049,823
Payables				<u>(2,057,382)</u>
Accumulated Fund balance				<u>25,596,086</u>