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**AUDIT SERVICES  
CORPORATION**

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

MINISTRY OF FINANCE

THE GENERAL EDUCATION QUALITY IMPROVEMENT  
PROGRAM FOR EQUITY (GEQIP-E) PROGRAM FOR RESULT

P163050

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

07 JULY 2022



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የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን  
Office of the Federal Auditor General  
Audit Service Corporation**

**INDEPENDENT AUDITOR'S REPORT ON THE  
FINANCIAL STATEMENTS OF MINISTRY OF FINANCE  
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM  
FOR EQUITY (GEQIP-E)  
PROGRAM FOR RESULT (P for R) -P163050**

**Opinion**

We have audited the accompanying financial statements of General Education Quality Improvement Program for Equity (GEQIP-E), Program for Result (P for R) of the Federal Democratic Republic of Ethiopia, Ministry of Finance ,financed by IDA grant number D262 ET , MDTF Grant Number TFA8352 and GPE TFB5137, which comprise the balance sheet as at 07 July 2022, and the statement of sources and uses of funds and the designated account statement for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Opinion paragraph, the financial statements give a true and fair view of the financial position of General Education Quality Improvement Program For Equity (GEQIP-E), Program for Result (P for R) of the Federal Democratic Republic of Ethiopia, Ministry of Finance as at 07 July 2022 and of its financial performance and 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.

**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

*ASC*

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).

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

Due to the existing conflict in the Tigray region, we were unable to verify cash at bank birr 208,870,583.53(at the region birr 204,703,220, Mekelle University birr 3,895,666.36, Axum University birr 200,698.00 and Adigrat University birr 70,999.60), advance birr 346,100 and payable birr 21,359.

### **Responsibilities of Management for the Financial Statements**

The Ministry of Finance (MoF) 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 it 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.

### **Reports on other requirements**

As required by the World Bank guidelines we report that, to the extent we can assess: -

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- 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;
- counter-part funds have been provided and used in accordance with the financing agreement and only for the purposes for which the financing were provided;
- goods, works and services financed have been provided in accordance with the relevant financing agreement and disbursement letters;
- all necessary supporting documents, records and accounts have been maintained in respect of all Program activities;
- the funds disbursed covered expenditures that are eligible for financing under IDA Grant Number D262ET, MDTF Grant Number TFA8352 and GPE TFB5137;
- Our examination revealed no weaknesses and irregularities in the systems of internal controls over financial expenditure; and
- with respect to withdrawal applications submitted during the year ended 07 July 2022 and listed on page 14, in our opinion;
  - a) the applications together with the procedures and internal controls involved in their preparation can be relied upon to support the relevant withdrawals;
  - b) adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and
  - c) expenditures are eligible for financing under IDA Grant Number D262 ET, MDTF Grant Number TFA8352 and GPE TFB5137

*AUDIT SERVICES CORPORATION*

Date: 04 January 2023

**MINISTRY OF FINANCE**  
**GENERAL EDUCATION QUALITY IMPROVEMENT**  
**PROGRAM FOR EQUITY (GEQIP -E) PROGRAM FOR RESULTS-P163050**  
**BALANCE SHEET**  
**AS AT 07 JULY 2022**

	<u>Notes</u>	<u>Birr</u>	<u>07 July 2021</u> <u>Birr</u>
<b>CURRENT ASSETS</b>			
Advance	3	376,753,486	365,673,713
Cash on hand and at bank balance	4	3,642,491,096	1,654,729,747
		4,019,244,582	2,020,403,460
<b>CURRENT LIABILITIES</b>			
Payable	5	26,668,732	296,686,026
<b>NET CURRENT ASSET</b>		<b>3,992,575,850</b>	<b>1,723,717,434</b>
<b>REPRESENTED BY</b>			
<b>FUND BALANCE</b>	6	<b>3,992,575,850</b>	<b>1,723,717,434</b>

**MINISTRY OF FINANCE**  
**GENERAL EDUCATION QUALITY IMPROVEMENT**  
**PROGRAM FOR EQUITY (GEQIP -E)PROGRAM FOR RESULTS-P163050**  
**STATEMENT OF SOURCES AND USES OF FUND**  
**FOR THE PERIOD FROM JULY 08,2021 TO JULY 07,2022**

Cumulative from  
8 July,2018 to  
7 July,2022

<b>Sources</b>	<b>Birr</b>	<b>Birr</b>	<b>2021 Birr</b>
Initial Deposit	-	1,124,991,106	-
IDA grant and credit	4,120,834,413	8,703,718,233	3,000,794,279
MDTF	689,730,942	2,886,756,306	1,776,110,064
Government contribution	160,000,000	752,170,500	221,811,000
GPE	25,919,800	25,919,800	-
Gain on foreign exchange	90,066,982	276,369,994	165,225,674
	<u>5,086,552,137</u>	<u>13,769,925,939</u>	<u>5,163,941,017</u>
<b>Uses</b>			
Teaching & learning material provision	743,506,692	1,715,851,899	593,484,447
Teachers & Education leaders Development	299,497,343	943,771,705	329,291,778
School improvement program & School grants	1,511,933,617	6,302,143,712	1,977,606,949
Quality Assurance System	64,256,877	226,027,711	83,615,925
Program Coordination & System Strengthening	<u>250,775,930</u>	<u>641,861,100</u>	<u>200,490,510</u>
	<u>2,869,970,459</u>	<u>9,829,656,127</u>	<u>3,184,489,609</u>
<b>Excess /(Deficit)of Sources over uses</b>	<b>2,216,581,678</b>	<b>3,940,269,812</b>	<b>1,979,451,408</b>
Prior year adjustment (7)	=	<u>52,306,038</u>	=
Fund Balance, 07July2022	<u>2,216,581,678</u>	<u>3,992,575,850</u>	<u>1,979,451,408</u>

**MINISTRY OF FINANCE  
GENERAL EDUCATION QUALITY IMPROVEMENT  
PROGRAM FOR EQUITY (GEQIP -E)PROGRAM FOR RESULTS-P163050  
USD DESIGNATED ACCOUNT STATEMENT  
FOR THE PERIOD ENDED 7 JULY2022**

For the Year ended	7 July 2022
Account number	100101300553
Depository bank	National Bank of Ethiopia
	Addis Ababa,
Address	Ethiopia
	IDA Grant No. D262ET, MDTF Grant Number
Related credit	TFA8352 and GPE Grant Number TFB5137
Currency	USD

	<u>USD</u>	<u>Birr</u>
<b>Beginning balance, 08 July 2021</b>	17,082,331.36	748,773,246.97
<b>Add:</b> Fund received during the year		
IDA Grant	79,492,017.93	4,120,834,412.68
MDTF	13,543,856.04	689,730,942.15
GPE	500,000.00	25,919,800
	<u>110,618,205.33</u>	<u>5,585,258,401.80</u>
<b>Less:</b> Transfer to pool Birr account	50,300,000.00	2,537,244,740.00
Transfer to Ministry of Education	104,978.27	4,988,577.89
	<u>50,404,978.27</u>	<u>2,542,233,317.89</u>
	60,213,227.06	3,043,025,083.91
<b>Gain on foreign exchange</b>	=	<u>89,851,056.05</u>
<b>Ending balance, 07 July 2022</b>	<u><b>60,213,227.06</b></u>	<u><b>3,132,876,139.96</b></u>



**MINISTRY OF FINANCE**  
**GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM**  
**FOR EQUITY (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PROGRAM INFORMATION**

The objective of the General Education Quality Improvement Program for Equity (GEQIP-E) Program for Results (P for R) is to support Ethiopia's efforts to increase the quality of general education within its territory through improving teaching and learning conditions in schools as well as enhancing management planning and budget capacity of the Ministry of Education and of the Regional Education Bureaus respectively. In an agreement dated 21 December 2017, under grant number D262 ET, the International Development Association (IDA) agreed to extend a grant in an amount equivalent to Special Drawing Rights (SDR) variously "grant and financing" to assist in financing the Program which will be supervised through the Ministry of Education with Ministry of Finance being responsible for overall financial management of the Program. The program expenditure framework will be composed of two parts: (i) the recurrent non-salary expenditure in the education sector transferred through the regional and Woreda block grant; and (ii) expenditure supported through the special purpose grant covering school grants, textbook procurement and teachers' development programs. This audit covers only the latter part.

The Program is also financed Multi Donors Trust Fund(MDTF)- TF0A8352-ET and Global Partnership for Education (GPE)-TFB5137 administered by the World Bank

The program consists of the following activities which form a subset of the ESDP V (Education Sector Development Program) and the successor thereto:

(a) Developing capacity for improved management in General Education by:

- i) Developing a relevant management structure in Ministry of Education, with a clear distribution of mandates and responsibilities at all levels and specifically, in managing the implementation of cross-cutting programs;
- ii) Regular gathering, processing and sharing information to inform decision making, especially, education performance data and financial data; and



**MINISTRY OF FINANCE**  
**GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM**  
**FOR EQUITY FOR (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

iii) Promoting good coordination and communication within and across management levels through improved use of existing documentation centers and sharing platforms.

(b) Improving the quality of General Education by:

- i) Strengthening teachers' and leaders' development and transforming teaching into a profession of choice;
- ii) Improving curriculum development and providing sufficient teaching and learning materials;
- iii) Supporting schools to develop and implement School Improvement Plans (SIP) with focus on the areas of community participation, school environment, teaching and learning and school leadership; and
- iv) Strengthening quality assurance systems with focus on school inspection, teacher and school leader licensing and assessment and examination

(c) Improving access, equity and internal efficiency in General Education by:

- i) Increasing access to pre-primary education;
- ii) Increasing access to, and equity and internal efficiency of primary education; and
- iii) Providing special support programs for Emerging Regions.

(d) Providing support to address cross-cutting issues in General Education, specifically in the areas of gender, special needs and inclusive education

The above financiers Program closing time and application deadline is as follows:-

<u>Financer</u>	<u>Application Closing Date</u>	<u>Application Deadline</u>
International Development		
Association IDA D262-ET	30 June 2024	31 December 2024
Multi Donors Trust Fund (MDTF) TFA8352	30 July 2023	30 November 2023
Global Partnership for Education (GPE) TFB5137	30 June 2024	31 December 2024

**MINISTRY OF FINANCE**  
**GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY FOR**  
**(GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted by the Program, which are consistent with those applied in the previous years, are stated below.

**a) Basis of preparation**

These financial statements are prepared on a modified cash basis and in accordance with the accounting policy of the Government of the Federal Democratic Republic of Ethiopia.

**b) Currency**

These financial statements are presented in Birr. Transactions in foreign currencies are translated into Birr at the approximate rates of exchange prevailing at the dates of the transaction. Balances in foreign currencies at the balance sheet date are translated at the rate of exchange prevailing on that date

**MINISTRY OF FINANCE**  
**GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM**  
**FOR EQUITY FOR (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. Advance**

	<b>Birr</b>	<b>2021 Birr</b>
Oromia National Regional State	5,925,323	44,770,495
Tigray Regional State	346,100	346,100
Beni Gumuz Regional State	787,160	1,124,144
Afar National Regional State	400	400
Gambela Regional State	858,349	0
Dire Dawa City Administration	18,349	15,212
Addis Ababa University	0	0
Hawassa University	49,525	49,525
Bahir Dar University	3,085,248	995,600
Mekele University	330,500	330,500
Ministry of Education	362,439,540	291,553,033
Addis Ababa City Administration	0	40,274
Gondar University	39,598	39,598
Adigrat University	9,095	9,095
Wolayt Sodo University	607,825	607,825
Amhara National Regional State	45,245	16,963,319
SNNP National Regional State	472,019	824,555
Harer Regional State	0	24,730
Sidama Regional State	618,695	7,961,335
Debre Marcos University	6,923	6,923
Medawolabu University	11,050	11,050
South West Ethiopia	817,207	0
Jimma University	9,700	0
Debre Berhan University	275,635	0
	<b>376,753,486</b>	<b>365,673,713</b>



**MINISTRY OF FINANCE**  
**GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM**  
**FOR EQUITY FOR (GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. Cash on hand and cash at bank birr 3,642,491,096**

	<u>Birr</u>	<u>07 July 2021</u>
US Dollar account	3,132,876,140	748,773,247
Main Birr account	58,708,096	228,765,053
Cash and bank balance in region states, City		
Administration ,MoE and MoF	450,906,860	677,191,447
	<u>3,642,491,096</u>	<u>1,654,729,747</u>

**4.1 Break down of Cash and bank balance birr 3,642,491,096, as at 07 July 2022**

<u>Implementer</u>	<u>Cash at bank</u>	<u>Cash on hand</u>	<u>Total</u>
Tigray Region	204,703,219.57	0	204,703,219.57
Amhara Region	14,511,201.36	25.00	14,511,226.36
Oromia Region	74,894,130.38	525,583.58	75,419,713.96
Ben, Shangul Gumuz Region	33,421,581.72	83,040.05	33,504,621.77
SNNP Region	28,056,842.37	0	28,056,842.37
Afar Region	4,430,671.75	0	4,430,671.75
Somali Region	5,385,169.37	0	5,385,169.37
Gambella Region	1,515,674.94	394,582.79	1,910,257.73
Harari Region	327,087.07	0	327,087.07
Sidama Region	10,453,280.09	0	10,453,280.09
South West Ethiopia Region	8,714,377.09	0	8,714,377.09
Dire Dawa City	9,145,335.31	140,318.07	9,285,653.38
Addis Ababa City	12,087,453.28	0	12,087,453.28
Addis Ababa University	20.00	0	20.00
Hawasa University	8,740,779.91	0	8,740,779.91
Mekelle University	3,895,666.36	0	3,895,666.36
Haromia University	749.00	0	749.00
Dilla University	43,005.00	795.00	43,800.00
Wollo University	10,918.12	0	10,918.12
Wolayita Sodo University	233,503.00	0	233,503.00
Woldia University	13,700.00	0	13,700.00
Debre Markos University	93,197.00	0	93,197.00
Axum University	200,698.00	0	200,698.00
Adigrat University	70,999.60	0	70,999.60
Assosa University	116,350.00	0	116,350.00
Arsi University	50,700.00	0	50,700.00
MOE	27,851,204.93	0	27,851,204.93
Ministry of Finance, Admin.	795,000.00	0	795,000.00
Ministry of Finance	<u>3,191,584,236.18</u>	<u>0</u>	<u>3,191,584,236.18</u>
,Treasury			
Total	<u>3,641,346,751.40</u>	<u>1,144,344.49</u>	<u>3,642,491,095.89</u>

**MINISTRY OF FINANCE**  
**GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY FOR**  
**(GEQIP-E) PROGRAM FOR RESULTS (P for R) -P163050**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5 PAYABLE**

	<b>Birr</b>	<b>2021 Birr</b>
Oromia National Regional State	6,827,299	7,943,286.00
Tigray Regional State	21,359	21,359.00
Beni Gumuz Regional State	11,890	1,310.00
Afar National Regional State	0	0
Gambela Regional State	10,394	3,889
Dire Dawa City Administration	81,584	1,054,602.00
Addis Ababa University	0	0
Bahir Dar University	3,900	3,900
Ministry of Education	12,240,267	346,839
Addis Ababa City Administration	0	1.00
Amhara National Regional State	195,682	1,895,919
SNNP National Regional State	481,263	6,533,133
Harer Regional State	363,163	9,058,845
Sidama Regional State	11,675	629,771
Medawolabu University	0	0
Axum University	89,068	89,068
Woldia University	12,991	12,991
Ministry of Finance -Administration	0	236,308
Government Loan from Treasury	0	268,854,805
Somali National Regional State	5,294,550	0
South West Ethiopia	583,419	0
Mizan Tepi University	440,228	0
	<b>26,668,732</b>	<b>296,686,026</b>

**6 FUND BALANCE**

	<b>Birr</b>
Balance, 08 July 2021	1,723,717,434
Adjustment of opening balance (7)	52,276,738
Excess of Sources over uses of funds of the current year	2,216,581,678
Balance, 07 July 2022	<b>3,992,575,850</b>

**7. Adjustment****Birr**

Opening balance, 08 July 2021	
Ministry of Education (replenished from COVID 19 ERP)	52,499,146
South West Ethiopia region (transfer from SNNP )	403,901
SNNP region	<u>(626,309)</u>
	52,276,738
Opening balance, 08 July 2020	<u>29,300</u>
	<b><u>52,306,038</u></b>

**8. 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**  
**GENERAL EDUCATION QUALITY IMPROVEMENT**  
**PROGRAM FOR EQUITY (GEQIP -E) PROGRAM FOR RESULTS-P163050**  
**IFR BASED WITHDRAWAL SCHEDULE**  
**FOR APPLICATIONS SUBMITTED FROM 8 JULY 2021**  
**TO 7 JULY 2022**

<b>Reference Number</b>	<b><u>USD</u></b>	<b><u>BIRR</u></b>
GEQIP-E P4R 11R	79,492,017.93	4,120,834,412.68
GEQIP-E P4R 09	11,543,856.04	600,274,742.15
GEQIP-E P4R 07A	2,000,000.00	89,456,200.00
GEQIP-E P4R 10	<u>500,000.00</u>	<u>25,919,800.00</u>
	<u>93,535,873.97</u>	<u>4,836,485,154.83</u>

**MINISTRY OF FINANCE**  
**GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY**  
**(GEQIP -E) PROGRAM FOR RESULTS (P FOR R) -P163050**  
**RECONCILLATION OF THE SEMI ANNUALS OF 2022 INTERIM**  
**FINANCIAL REPORTS (IFRS) WITH THE YEAR END STATMENT**  
**OF SOURCE AND USES OF FUNDS AND BALANCE SHEET**

	<u>First Semi</u> <u>Annual</u> <u>Birr</u>	<u>Second Semi</u> <u>Annual</u> <u>Birr</u>	<u>Cumulative from</u> <u>8July,2019 to</u> <u>7 July 2022</u> <u>Birr</u>
<b>Sources</b>			
Balance, 08 July 2021			1,723,717,434
Prior year adjustment			<u>52,276,738</u>
			<b><u>1,775,994,172</u></b>
<u>Collection during the year</u>			
Cash transfer	181,456,200	4,815,028,955	4,996,485,155
Gain on foreign exchange	<u>60,154,985</u>	<u>29,911,996</u>	<u>90,066,981</u>
	241,611,185	4,844,940,951	5,086,552,136
<b>Expenditures</b>			
Program expenditures	<u>815,520,200</u>	<u>2,054,450,258</u>	<u>2,869,970,458</u>
Excess of Current year collection over expenditures	<b><u>-573,909,015</u></b>	<b><u>2,790,490,693</u></b>	<b><u>2,216,581,678</u></b>
Fund Balance,07 July 2022			<b><u><u>3,992,575,850</u></u></b>
Cash at bank			3,641,346,751
Cash on hand			1,144,345
Advances			376,753,486
Payables			<u>(26,668,,732)</u>
Accumulated fund,07July2022			<b><u><u>3,992,575,850</u></u></b>