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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)

INVESTMENT PROJECT FINANCING-P163050

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
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
INVESTMENT PROJECT FINANCING -P163050**

Opinion

We have audited the accompanying financial statements of General Education Quality Improvement Program for Equity, Investment Project Financing of the Federal Democratic Republic of Ethiopia, Ministry of Finance, financed by IDA Grant Number D262 and GPE Grant Number 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 the financial statements give a true and fair view of the financial position of General Education Quality Improvement Program For Equity (GEQIP-E), Investment Financing Project (IPF) 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 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 (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:-

- 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;

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- the funds disbursed covered expenditures that are eligible for financing under IDA Grant No. D262ET and GPE TFB5137;
- Our examination revealed no weaknesses and irregularities in the systems of internal controls over financial expenditure; and
- with respect to IFR based withdrawal applications submitted during the year ended 07 July 2022 and listed on page 12, in our opinion;
 - a) the applications together with the procedures and internal controls involved in their
 - b) Preparation can be relied upon to support the relevant withdrawals;
 - c) adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and
 - d) expenditures are eligible for financing under IDA Grant Number D262 and GPE TFB5137

AUDIT SERVICES CORPORATION

Date: 04 January 2023

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT
PROGRAM FOR EQUITY
INVESTMENT PROJECT FINANCING
BALANCE SHEET
AS AT 07 JULY 2022

	Notes	Birr	2021 Birr
CURRENT ASSETS			
Advance	3	14,087,858	480,085
Cash and bank balance	4	285,862,894	246,919,989
		299,950,752	247,400,074
CURRENT LIABILITIES			
Payable	5	2,172,742	730,681
NET CURRENT ASSET		297,778,010	246,669,393
REPRESENTED BY			
FUND BALANCE	6	297,778,010	246,669,393

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT
FOR EQUITY(GEQIP-E)
INVESTMENT PROJECT FINANCING
STATEMENT OF SOURCE AND USE OF FUND
FOR THE PERIOD ENDED FROM JULY 08,2021 TO JULY07,2022**

	Cumulative from 8 July,2018 to 7 July2022		2020 Birr
	Birr	Birr	
Sources			
Prior year adjustment			
IDA grant and credit	-	306,497,320	68,399,099
MOF Treasury	120,229,637	120,229,636	-
Gain on foreign exchange	8,973,239	21,718,906	11,606,291
	129,202,876	448,445,862	80,005,390
Uses			
National policy framework for primary Education	-	539,325	-
Strategy for restoring education services in response to disaster	592,975	592,975.35	-
Information Communication Technology for Education	580,381	715,651	-
Program Management	71,952,907	142,540,132	47,658,675
Program Evaluation	5,050,490	6,382,262	1,180,280
	78,176,753	150,770,346	48,838,955
Excess of Sources over uses	51,026,123	297,695,516	31,166,435
Prior year adjustment(SNNP)	=	<u>82,494</u>	=
Balance, 07 July 2022	51,026,123	297,778,010	31,166,435

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT
PROGRAM FOR EQUITY
INVESTEMENT PROJECT FINANCING
USD DESIGNATED ACCOUNT STATEMENT
FOR THE PERIOD ENDED 07 JULY,2022**

For the Year ended	7 July 2022
Account number	100101300561
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related credit	IDA Grant No. D262ET and GPE TFB5137
Currency	USD

	<u>USD</u>	<u>Birr</u>
Beginning balance, 8 July 2021	923,547.61	<u>40,482,047.10</u>
Add: Fund received during the year	<u>2,413,785.37</u> 3,337,332.98	<u>120,229,636.94</u> 160,711,684.04
Less: Transfer to pool Birr account	<u>1,200,000</u> 2,137,332.98	<u>58,480,130</u> 102,231,554.04
Gain on foreign exchange	_____ -	<u>8,973,239.70</u>
Ending balance , 7 July 2022	<u>2,137,332.98</u>	<u>111,204,793.75</u>

MINISTRY OF FINANCE

GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY

(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)

NOTES TO THE FINANCIAL STATEMENTS

1. PROGRAM INFORMATION

The objective of the General Education Quality Improvement Program for Equity (GEQIP-E) Investment Project Financing (IPF) is to assist the implementation of General Education Quality Improvement Program for Equity (GEQIP-E). In an agreement dated 21 December 2017, under Grant number D262 ET, the International Development Association (IDA) and under Grant number GPE TFB5137, Global Partnership for Education (GPE) agreed to extend a credit in an amount equivalent to Special Drawing Rights (SDR) variously “credit and financing” to assist in financing the Project which will be supervised through the Ministry of Education with Ministry of Finance being responsible for overall financial management of the Program.

The project consists of the following activities to assist with implementation of the program and to mitigate implementation risks:

- (a) Enhancing capacity for delivering sustained results in the program by providing technical assistance to Ministry of Education (MoE) for:
 - i) Developing a national policy framework for expansion of early childhood education; and
 - ii) Integration of information communication technology (ICT) to improve education service delivery, including carrying out a study to review challenges’ and assess the impact of introducing ICT in the secondary schools, and making recommendation for policy reform and future intervention
- (b) Carrying out the following activities to enhance emergency response preparedness:
 - i) Provision of technical assistance to enhance the capacity of the Ministry of Education and the relevant regional and Woreda offices to prepare and implement an emergency strategy and plan for schools to with drought and other disaster;

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS (continued)

- ii) Providing immediate response to an Eligible Crises or Emergency, as needed.
- (c) Provision of technical assistance to MoE, and responsible agencies in the Regions and Woredas, to improve the Program management, implementation, monitoring and evaluation, and third party validation, as well as Project evaluation (including mid-term and end of Program evaluation).

The above financier's 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 June2024	31 December 2024
Global Partnership for Education, GPE TFB5137	30 June 2024	31 December 2024

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
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS (continued)

3 ADVANCE

	Birr	2021 Birr
Oromia National Regional State	-	377,686
Harari National regional state	34,250	239
Afar National Regional State	10	10
Dire Dawa City Administaration	157	157
Addis Ababa City Administration	3,084	5,984
Ministry of Education	13,498,671	-
Amhara National Regional State	-	18
SNNP National Regional State	58	38,250
Sidama National Regional State	-	57,741
South West Ethiopia	551,628	
	14,087,858	480,085

4 CASH AND BANK BALANCES

	Birr	2021 Birr
US Dollar account	111,204,793.75	40,482,047
Main Birr account	4,978,915.91	478,218
Cash and bank balance in region states, City Administration ,MoE and MoF Administration	169,679,184.44	205,959,724
	285,862,894.10	246,919,989

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS (continued)

4.1 Break down of cash at bank and cash on hand birr 285,862,894.10 as at 07 July 2022

<u>Implementers</u>	<u>Cash at bank</u>	<u>Cash on hand</u>	<u>Total</u>
Pooled grant and credit special account	111,204,793.75	0	111,204,793.75
Pooled birr account	4,978,915.91	0	4,978,915.91
Tigray Region	1,784,834.97	0	1,784,834.97
Amhara Region	3,238,522.17	0	3,238,522.17
Oromia Region	2,618,644.40	0	2,618,644.40
Benishangul Gumuz Region	2,056,820.13	2,349.59	2,059,169.72
SNNP Region	2,204,071.49	0	2,204,071.49
Afar Region	1,925,496.16	0	1,925,496.16
Somali Region	732,577.30	0	732,577.30
Gambella Region	4,555,303.40	6,498.00	4,561,801.40
Harari Region	823,657.93	0	823,657.93
Dire Dawa City	2,039,606.43	0	2,039,606.43
Addis Ababa University	1,939,578.20	0	1,939,578.20
Sidama Region	1,059,654.69	0	1,059,654.69
Ministry of Education	143,725,682.22	0	143,725,682.22
Ministry of Finance Admin.	<u>952,359.85</u>	<u>13,527.51</u>	<u>965,887.36</u>
Total	<u>285,840,519.00</u>	<u>22,375.10</u>	<u>285,862,894.10</u>

MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E) INVESTMENT PROJECT FINANCING (IPF)
NOTES TO THE FINANCIAL STATEMENTS (continued)

5 AYABLE

	Birr	2021 Birr
Addis Ababa City Administration	9,579	0
Dire Dawa City Administaration	11,750	5,580
Beni.Gumuz National Regional State	0	1,020
Tigray National Regional State	141,359	141,359
Oromia National Regional State	61,842	48,498
SNNP National Regional State	185.56	80,205
Afar National Regional State	484,673	161,280
Ministry of Education	674,519	0
Amhara National Regional State	413	16,093
Harari National regional state	27,473	237,672
Sidama National Regional State	29,559	38,974
Gambela National Regional State	731,389	0
	2,172,742	730,681.00

6 FUND BALANCE

	Birr
Balance, 08July 2021	246,669,393
Excess of Sources over uses of funds of the current year	51,026,123
Prior year adjustment	82,494
Balance,07 July 2022	<u>297,778,010</u>

7. 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
INVESTEMENT PROJECT FINANCING
IFR BASED WITHDRAWAL SCHEDULE FOR
APPLICATIONS SUBMITTED FROM 8 JULY 2021 TO 07 JULY2022

Reference Number	USD	Birr
GEQIP-E IPF 014	645,719.55	30,415,973.68
GEQIP-E IPF 015	<u>1,768,065.82</u>	<u>89,813,146.68</u>
	<u>2,413,785.37</u>	<u>120,229,120.36</u>

MINISTRY OF FINANCE

GENERAL EDUCATION QUALITY IMPROVEMENT
PROGRAM FOR EQUITY

INVESTEMENT PROJECT FINANCING

RECONCILLATION OF THE FOUR QUARTERS OF 2022 INTERIM
FINANCIAL REPORTS (IFRS) WITH THE YEAR END STATMENT
OF SOURCE AND USES OF FUNDS AND BALANCE SHEET

	1 st Quarter Birr	2 nd Quarter Birr	3 rd Quarter Birr	4 th Quarter Birr	Cumulative 8 July 2018 to 7 July 2022 Birr
Sources					
Balance ,08July 2021					<u>246,669,393</u>
<u>Collection during the year</u>					
Cash transfer	-	30,416,490	-	-	30,416,490
Gain on foreign exchange	<u>2,030,886</u>	<u>2,649,874</u>	<u>92,130,517</u>	<u>1,975,109</u>	<u>98,786,386</u>
	2,030,886	33,066,364	92,130,517	1,975,109	129,202,876
Expenditures					
Program expenditures	10,596,878	12,064,029	32,090,648	23,425,198	<u>78,176,753</u>
Excess of current year collection over expenditures	-8,565,991	21,002,335	60,039,849	-21,450,089	<u>51,026,123</u>
Prior year adjustment(SNNP)					<u>82,494</u>
Accumulated fund ,07July2022					<u>297,778,010.</u>
Cash at bank					285,840,519
Cash on hand					22,375
Advances					14,087,859
Payables					(2,172,743)
Accumulated fund					<u>297,778,010</u>