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FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FINANCE

ቁጥር KMCH1/7/2415
Ref. No
ቀን 12 MAR 2025
Date

The World Bank
Ethiopia Country Office
Addis Ababa

Dear Sir,

Subject:- Submission EFY 2016 Ethiopia Human Capital Operation Annual Audit report

Attached to this letter please find the Annual Audit report of Ethiopia Human Capital Operation Investment Project Financing (HCO- IPF) for your consideration and subsequent action.



Sincerely yours,


Degu Lakew
Channel One Programs
Coordinating
Department Head

C.C:-

- Channel one Programs Coordinating Directorate (CoPCD)
- HCO, FM team

MoF



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Federal Democratic Republic of Ethiopia
Office of the Federal Auditor General



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TIME



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VALUE



ቅልጥፍ
EFFICIENCY

ቁጥር
Ref No: 0149 3.8/242
ቀን
Date: 10/03/2025

Ministry of Finance

Channel One Programs Coordinating Directorate (COPCD)

Addis Ababa

Re: Submission of the 2016 EFY HCO-IPF Annual audit report

It is to be recalled that the Ethiopian Government and the Development Partners (including IDA) have reached an agreement regarding the annual audit of Human Capital Operation-Investment Project Financing (HCO_IPF) project annual audit to be carried out and a summarized audit report to be submitted to MoF by the Office of the Federal Auditor General.

We have, therefore, attached here with 17 pages of the 2016 EFY HCO_IPF Annual audit report.

We welcome any enquiries on the audit report.

Sincerely yours

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AUDIT FOR THE BENEFIT OF CITIZENS



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457

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Flamingo Area, Behind A.A Exhibition Center, Addis Ababa, Ethiopia

INDEPENDENT AUDITOR'S REPORT ON THE PROJECT FINANCIAL STATEMENTS
OF THE MINISTRY OF FINANCE OF THE FEDERAL DEMOCRATIC REPUBLIC OF
ETHIOPIA, HUMAN CAPITAL OPERATION-INVESTMENT PROJECT FINANCING

We have audited the accompanying Operation Financial Statements of Human Capital Operation-Investment Project Financing component of the Ministry of Finance of the Federal Democratic Republic of Ethiopia for the year ended 7 July 2024, which has been financed by IDA Financing agreements IDA E206-ET.

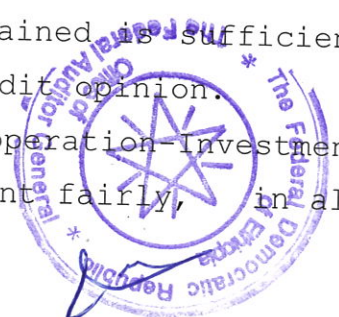
The preparation of the Project Financial Statements (PFSs) is the responsibility of the Ministry of Finance. This audit is a special purpose audit for Human Capital Operation-Investment Project Financing whose terms of reference are those given in the Terms of Reference for the Ethiopian human capital operation Investment Project Financing. These Terms of Reference include, inter alia, our responsibility to express an opinion on the Project Financial Statements based on our audit and report on material inappropriate expenditure and other pertinent matters.

We conducted our audit in accordance with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants with special reference to ISA 800 and the World Bank relevant Guidelines for the World Bank financed projects.

These Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. Our audit includes examining on a sample test basis of the evidence supporting the amounts and disclosures in the Financial Statements.

Our audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

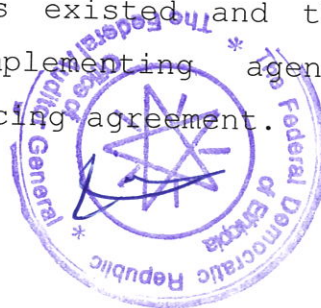
In our opinion, the Project /human capital operation-Investment Project Financing/ Financial Statements present fairly, in all



material respects, the financial position as at 7 July 2024 and the cash receipts and disbursements for the year then ended of the Ethiopian Human Capital Operation-Investment Project Financing component /Human Capital Operation/ of the Ministry of Finance of the Government of the Federal Democratic Republic of Ethiopia which were prepared on a modified cash basis and in accordance with the accounting policy of the Government of the Federal Democratic Republic of Ethiopia.

In addition, in our opinion, in all material respects:

- During the year, all external financing has been used in accordance with the conditions of the relevant financing agreements and only used for the purposes for which the financing was provided.
- Goods, works and services financed under the Project have been procured in accordance with the relevant financing agreements including specific provisions of the World Bank Procurement policies and procedures.
- The necessary supporting documents, records and accounts have been maintained in respect of all project activities, including expenditures /transfers reported. In addition, the financial report issued is in agreement with the underlying books of accounts.
- 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 purpose intended in the financing agreement.
- National laws and regulations have been complied with and that the financial and accounting procedures approved for the Project were followed and used.
- Financial performance of the project was satisfactory; and
- Assets procured from project funds existed and there was verifiable ownership by the implementing agencies or beneficiaries in line with the financing agreement.



GOVERNMENT OF FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
ETIOPIA HUMAN CAPITAL OPERATION
PROJECT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF
7 JULY 2024.

		<u>7 July 2024</u>
	<u>Notes</u>	<u>Birr</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash balances	3	95,908,936.00
Advances	4	102,397.00
Total current Assets		96,011,333.00
<u>CURRENT LIABILITIES</u>		
Account Payable	5	3,763,430.00
NET CURRENT ASSETS		92,247,903.00
ACCUMULATED FUND		92,247,430.00

[Handwritten Signature]



MINISTRY OF FINANCE
GOVERNMENT OF FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA, HCO
CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 7, JULY 2024

	<u>For the year</u> <u>ended 7 July 2024</u>
<u>Note</u>	<u>Birr</u>
Opening Balance	-
<u>HCO Financing</u>	
From IDA E206-ET	111,355,650.78
Gain on foreign Exchange	<u>1,453,680.90</u>
Total Fund Available	<u>112,809,331.68</u>
HCO project Expenditure	19,817,184.30
Total Project Expenditure	<u>19,817,184.30</u>
Excess of Financing Over expenditure	92,247,903.09

Note:

1. Expenditure of Bank Service charge amounting ETB 744,944.30 is included in this report.



MINISTRY OF FINANCE-HUMAN CAPITAL OPERATION
STATEMENT OF FUND FLOW FOR THE YEAR ENDED JULY 07/2024
DOLLAR ACCOUNT NO. 0100101300613

For the year ended	7 JULY 2024	
Account Number	<u>0100101300613</u>	
Depository Bank	NBE	
Address	Addis Ababa, Ethiopia	
Currency	USD and Birr	
	<u>Amount in USD</u>	<u>Amount in Birr</u>
OPENINIG BALANCE	-	-
Fund Received From:		
Int. Development Association IDA E206-ET	<u>1,954,870.00</u>	<u>111,355,650.78</u>
Total	<u>1,954,870.00</u>	<u>111,355,650.78</u>
Deducted –Transfer and Expenditure		
Transfer to Birr account-	1,300,000.00	74,494,430.00
Bank Service Charge		744,944.30
Total transfer and Expenditure	<u>1,300,000.00</u>	<u>75,239,374.30</u>
Closing balance	654,870.00	36,116,276.48
Add gain or loss on foreign exchange rate	-	<u>1,453,680.90</u>
Closing balance after Gain or loss on foreign exchange	<u>654,870.00</u>	<u>37,569,957.39</u>

Note:-

The Closing exchange rate used for ending balance (July 7/2024) is 1USD = 57.3701



Government of Federal Democratic Republic of Ethiopia
MINISTRY OF FINANCE-Human Capital Operation

Birr ACCOUNT NO. 0100101040736

For the year ended 7 July, 2024

BIRR

00-

OPENING BALANCE

Add :Transfer from Special Account:-

Transfer from Pooled Special Account
Fund Available for use:-

73,749,485.70

73,749,485.70

Less:- Transfer and Expenditure

Transfer to Regions:-

Tigray

1,763,000.00

Afar

1,588,000.00

Amhara

4,281,000.00

Oromia

5,859,000.00

Somale

2,383,000.00

Benshangul Gumuz

1,370,000.00

Sidama

1,607,000.00

SWEPR

1,617,000.00

CER

1,888,000.00

SER

2,066,000.00

Gambela

1,412,000.00

Harari

1,233,000.00

Dire Dawa

1,168,000.00

Addis Ababa

1,974,000.00

REGIONAL TOTAL

30,209,000.00

Transfer to Federal Implementers:-

Federal Public Procurement and Property Agency (FPPPA)

-

Transfer to Federal Ethics and Anticorruption Commission (FEACC)

3,500,000.00

Transfer to Environment Protection Authority /EPA/

6,120,000.00

Transfer to Ethiopia Statistical Service (ESS)

5,419,744.00

Transfer to Ethiopian Institute of Ombudsman (EIO)

-

Transfer to Ministry of Education (MOE)

-

Transfer to Ministry of Health (MOH)

11,800,000.00



Transfer to Ministry of Agriculture (MOA)	-
Transfer to Ministry of Water and Energy (MOWE)	1,400,000.00
Transfer to Office of Federal Auditor General (OFAG)	2,800,000.00
Transfer to MoF-Public Expenditure Mgt. and Control Reform(EMCP)	
Transfer to MoF-Channel 1 Program Coordinating Directorate (Finance)	<u>6,000,000.00</u>
FEDERAL TOTAL	<u>37,039,744.00</u>
Total transfer	<u>67,248,744.00</u>
Bank Services Charges	<u>700.00</u>
Total transfer & expenditure	<u>67,249,444.00</u>
Closing balance	<u>6,500,041.70</u>

Note:-The Closing exchange rate used for ending balance (July 7/2024) is 1USD=57.3701



MINISTRY OF FINANCE

GOVERNMENT OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA-HUMAN
CAPITAL OPERATION (HCO) DECLARATION OF NON-PROCUREMENT OF
MATERIAL ASSETS FOR THE YEAR ENDED 7, JULY 2024

We hereby declare that there were no procurements acquired or procured to date that worth (1) works, estimated to cost fifty million dollar equivalent or more per contract; (2) goods, estimated to cost thirty million dollar equivalent or more per contract; (3) non-consulting services, estimated to cost thirty million dollar equivalent or more per contract; (4) consultant's services, estimated to cost fifteen million dollar equivalent or more per contract with the project funds financed by donors.



MINISTRY OF FINANCE GOVERNMENT OF THE FEDERAL DEMOCRATIC
REPUBLIC OF ETHIOPIA-HUMAN CAPITAL OPERATION

NOTES TO THE PROJECT FINANCIAL STATEMENTS FOR THE YEAR ENDED 7,
JULY 2024

1. BACKGROUND

With the objective of improving learning outcomes and nutrition services for girls and boys, and strengthening service delivery and accountability, in all regions including areas affected by conflict, droughts and high levels of refugees, the Government of Ethiopia and International Development Association /IDA/ signed assisting in Financing for human capital operation on 25 July 2023. This Financing Agreement has two parts, the Program and the project which jointly referred as the "Operation". The operation is implemented by MoF.

Project /IPF/: It is a Grant portion of the operation that aim to improve human capital outcomes with a particular focus on areas affected by conflict, droughts, and high levels of refugees, and to provide technical assistance and capacity building support for strengthening systems and delivery of quality services, all through the financing of goods, consulting services, non-consulting services, Training and Operating Costs, namely.

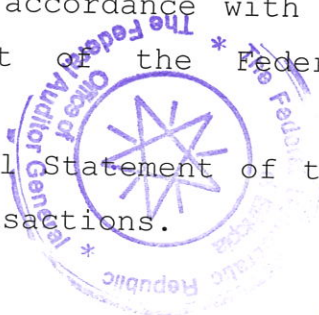
2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Project which are consistent with those applied in the preceding period are stated below:

a) BASIS OF PREPARATION:

i) These Financial Statements have been prepared based on a modified cash basis in accordance with the accounting policy of the Government of the * Federal Democratic Republic of Ethiopia.

ii) The Operation Financial Statement of the Project for reporting consolidated transactions.



b) CURRENCY:

These financial statements are presented in birr. Transactions in foreign currency are converted into birr at the approximate rate of exchange prevailing at the date of the transaction.



Ministry of Finance
Government of Federal Democratic Republic of Ethiopia
Human Capital Operation
Notes to the consolidated Financial Statements

7, July 2024

Birr

• Cash on hand and at bank		
Balance in Dollar account No. 0100101300613		37,569,957.39
Balance in Birr account No. 0100101040736		<u>6,500,041.70</u>
Balance at Bank		
MOF		44,069,999.09
Balance at Implementer:-		
Cash on hand	-	
Cash at bank	<u>51,838,936.81</u>	
Total Cash Balance	<u>51,838,936.81</u>	<u>51,838,936.81</u>
TOTAL		<u>95,908,935.90</u>
• Advances		
Tigray		-
Afar		-
Amhara		-
Oromia		-
Somali		-
Benshangul		-
Sidama		-
SWEP		102,397.04
CER		-
SER		-
Gambela		-
Harari		-
DireDawa		-
Addis Ababa		-
FPPPA		-
FEACC		-
EEPA		-
ESS		-
EIO		-



MOE	-
MOH	-
MOA	-
MOWE	-
OFAG	-
MOF-EMCP	-
MOF-COPCD	-
ACSO	-
TOTAL	<u>102,397.04</u>

3.Accounts Payable

Tigray	170,351.61
Afar	-
Amhara	1,815.00
Oromia	-
Benshangul	-
Sidama	-
SWER	-
CER	-
SER	113,237.45
Gambella	-
Dire Dawa	-
Harari	308,182.28
Addis Ababa	517,006.74
FPPPA	-
FEACC	-
EFCC	-
ESS	65,849.78
EIO	-
MOE	-
MOH	-
MOA	-
MOWE	-
OFAG	-
MOF-EMCP	-
MOF-COPCD	-
TOTAL	<u>2,586,986.99</u>
Total Ending balance	<u>3,763,429.85</u>
	<u>92,247,903.09</u>



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Ministry of Finance
Government of Federal Democratic Republic of Ethiopia
Human Capital Operation
Note to the Consolidated Financial Statements
At 07, July 2024

7. Expenditure of IPF

Personal Services	11,250,469.93
Goods and Services	8,566,014.37
Fixed Assets	<u>0.00</u>
Total	<u>19,816,484.30</u>

