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AUDIT SERVICES
CORPORATION

THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E)
PROGRAM FOR RESULTS (P for R)
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
7 JULY 2018



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The Federal Democratic Republic of Ethiopia Audit Services Corporation

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

We have audited the accompanying financial statements of General Education Quality Improvement Program for Equity (GEQIP-E) Program for Results (P for R) of the Federal Democratic Republic of Ethiopia, Ministry of Finance, which comprise the balance sheet as at 7 July 2018, and the statement of sources and uses of funds and the designated account statement for the period from 8 March 2018 to 7 July 2018 and a summary of significant accounting policies and other explanatory information.

Responsibility 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

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

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

Opinion

In our opinion the financial statement give a true and fair view of the financial position of General Education Quality Improvement Program For Equity (GEQIP-E) Program for Result of the Federal Democratic Republic of Ethiopia, Ministry of Finance as at 7 July 2018 and of its financial performance and its sources and uses of funds for the period from 8 March 2018 to 7 July 2018 in accordance with the Ethiopian Government's Manual of the Federal Accounting System which is based on a modified cash basis of accounting.

Reports on other requirements

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

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;
- the funds disbursed covered expenditures that are eligible for financing under IDA Grant No.D262ET;
- designated accounts have been maintained in accordance with the provisions of the financing agreement and funds disbursed out of the said accounts were used only for the purpose intended in the financing agreement
- National laws and regulations have been complied with

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

- 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 four months ended 7 July 2018 and listed on page 10, 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) Which expenditures are eligible for financing under IDA Grant No.D262 ET

Audit services corporation

6 January 2020

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM
FOR EQUITY (GEQIP-E) PROGRAM FOR RESULT (P For R)
BALANCE SHEET
AS AT 7 JULY 2018**

	Notes	Birr
CURRENT ASSETS		
Cash and bank balances	3	<u>1,127,097,707</u>
NET CURRENT ASSETS		<u>1,127,097,707</u>
REPRESENTED BY		
FUND BALANCE	4	<u>1,127,097,707</u>

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM
FOR EQUITY (GEQIP-E) PROGRAM FOR RESULT (P For R)
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THEPERIOD FROM 8 MARCH 2018 TO 7 JULY 2018**

	<u>Birr</u>
SOURCES	
IDA Grant	1,124,991,106
Gain on foreign exchange	<u>2,106,601</u>
	<u>1,127,097,707</u>
USES	-----
EXCESS OF SOURCES OVER USES	<u>1,127,097,707</u>

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM
FOR EQUITY (GEQIP-E) PROGRAM FOR RESULT (P For R)
USD DESIGNATED ACCOUNT STATEMENT
FOR THE PERIOD FROM 8 MARCH 2018 TO 7 JULY 2018**

For the Period	From 8 March 2018 to 7 July 2018
Account number	100101300553
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related Grant	IDA Grant No. D262 ET
Currency	USD

	USD	Ethiopian Birr
Beginning balance 8 March 2018	-	-
Add: Fund received during the year	<u>41,305,905</u>	<u>1,124,991,106</u>
	41,305,905	1,124,991,106
Less: Transfer to pool Birr account	-	-
Gain on foreign exchange	-	<u>2,106.601</u>
Ending balance – 7 July 2018	<u>41,305,905</u>	<u>1,127,097,707</u>

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY
(GEQIP-E)PROGRAM FOR RESULTS (P for R)
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 credit in an amount equivalent to Special Drawing Rights (SDR) variously "credit and financing" to assist in financing the Program which will be supervised through the Ministry of Education with MoF being responsible for overall financial management of the Program.

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 MoE, 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
 - 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 (519) with focus on the areas of community participation, school environment, teaching and learning and school leadership; and

**MINISTRY OF FINANCE
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NOTES TO THE FINANCIAL STATEMENTS (continued)**

- 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 financers 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	7 July 2022	November 2022

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Program, 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) PROGRAM FOR RESULT (P For R)
NOTES TO THE FINANCIAL STATEMENTS (continued)**

3 CASH AND BANK BALANCES

Birr

US Dollar account	<u>1,127,097,707</u>
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4 FUND BALANCE

Birr

Balance at 8 March 2018	-
Excess of Sources over Uses	<u>1,127,097,707</u>

Balance at 7 July 2018	<u>1,127,097,707</u>
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5 DATE OF AUTHORIZATION

Channel One Programs Coordinating Directorate Director of The Federal Democratic Republic of Ethiopia, Ministry of Finance authorized the issue of these financial statements on 6 January 2020.

**MINISTRY OF FINANCE
GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM
FOR EQUITY (GEQIP-E) PROGRAM FOR RESULT (P For R)
IFR BASED WITHDRAWAL SCHEDULE
FOR APPLICATIONS submitted during from 8 March 2018 to 7 July 2018**

Application Number	USD	ETHIOPIAN BIRR
Balance at 8 March 2018	-	-
GEQUIP-E -01	<u>41,305,905.00</u> <u>41,305,905.00</u>	<u>1,124,991,106</u> <u>1,124,991,106</u>