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**The Federal Democratic Republic of Ethiopia
Audit Services Corporation**

**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE
AND BIODIVERSITY CONSERVATION PROJECT
FINANCED BY THE WORLD BANK-EASTERN AND SOUTHERN AFRICA HIGHER
EDUCATION CENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET**

We have audited the accompanying financial statements of Climate Smart Agriculture and Biodiversity Conservation (Climate SABC) Project, Financed by The World Bank -Eastern and Southern Africa Higher Education Centers of Excellence (ACE II), IDA Credits No. 5794-ET of Haramaya University- Africa Center of Excellence (ACE) which comprise the balance sheet as at 7 July 2022, and the statement of sources and uses of funds for the year then ended and a summary of significant accounting policies and other explanatory information.

Responsibility for the Financial Statements

The Haramaya University -African Centre of Excellence 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 Institution 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.

ASC

☎ 251-011-5515222
251-011-5535012
251-011-5535015

Fax 251-011-5513083

E-mail: asc@ascethiopia.com
website www.ascethiopia.com

**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF HARAMAYA UNIVERSITY,
AFRICA CENTER OF EXCELLENCE - CLIMATE SMART AGRICULTURE AND
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FINANCED BY THE WORLD BANK- EASTERN AND SOUTHERN AFRICA HIGHER
EDUCATIONCENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
(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 statements present fairly, in all material respects, the financial position of the Climate Smart Agriculture and Biodiversity Conservation (Climate SABC) Project funded by The World Bank -Eastern and Southern Africa Higher Education Centers of Excellence (ACE II), IDA Credits No 5794-ET of Haramaya University- Africa Center of Excellence (ACE) as at 7 July 2022 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 described in note 2 to the financial statements.

Report on other requirements

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

- a) 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;
- b) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of the World Bank Procurement policies and procedures;
- c) All necessary supporting documents, records and accounts have been maintained in respect of all project activities;
- d) 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 purposes intended in the financing agreements;
- e) National laws and regulations have been complied with and that the financing and accounting procedures approved for the Project were followed and used;
- f) Financial performances of the Project is satisfactory;

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EDUCATIONCENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET (continued)**

Report on other requirements (continued)

- g) Assets procured from project funds exist and there is a verifiable ownership by Haramaya University ACE or beneficiaries in line with the financing agreement; and
- h) In accordance with the TOR, Eligible Expenditure Programs (EEPs) for the Project is salary expenditure of Haramaya University, College of Agriculture and Environmental Sciences incurred during the period 8 July 2021 to 7 July 2022. We have verified that total salary expenditure incurred during the period is ETB 39,185,099 (Annex 1)

Furthermore, with respect to the interim financial reports (IFRs) submitted during the year as annexed to this report, in our opinion,

- i) the reports, together with the procedures and internal controls involved in their preparation, apart from where reported to the contrary within this report, can be relied upon to support the related withdrawals;
- ii) adequate supporting documentation has been maintained to support the expenditures incurred and said expenditures are eligible for financing under IDA credit No.5794-ET;
- iii) eligible expenditures came to our attention in the course of our audit.

Audit Services Corporation

4 January 2023

**HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATION PROJECT
FINANCED BY THE WORLD BANK- EASTERN AND SOUTHERN AFRICA HIGHER
EDUCATION CENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
BALANCE SHEET
AS AT 7 JULY 2022**

	Notes	2022 Ethiopian Birr	2021 Ethiopian Birr
CURRENT ASSETS			
Receivables	3	6,262,446	4,846,913
Cash and bank balances	4	<u>93,620,359</u>	<u>71,112,891</u>
		99,882,805	75,959,804
CURRENT LIABILITIES			
Payables	5	<u>433,003</u>	<u>7,064,619</u>
NET CURRENT ASSETS		<u>99,449,802</u>	<u>68,895,185</u>
REPRESENTED BY			
FUND BALANCE	6	<u>99,449,802</u>	<u>68,895,185</u>

The notes on pages 7 to 10 form an integral part of these financial statements.

**HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATIONPROJECT
FINANCED BY THE WORLD BANK- EASTERN AND SOUTHERN AFRICA
HIGHER EDUCATIONCENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 7 JULY 2022**

		Year ended 7 July 2022	Cumulative from 9 May 2017 to 7 July 2022	Year ended 7 July 2021
	Note	Birr	Birr	Birr
SOURCES				
IDA Credit		38,702,117	150,297,632	38,169,290
Students' stipend from IUCEA		200	812,552	-
Gain on foreign exchange		<u>11,312,183</u>	<u>30,945,519</u>	<u>11,153,134</u>
		<u>50,014,500</u>	<u>182,055,703</u>	<u>49,322,424</u>
USES				
Goods, services and operating expenses	7	<u>19,459,883</u>	<u>82,605,901</u>	<u>23,009,029</u>
EXCESS /(DEFICIT) OF SOURCES OVER USES		<u>30,554,417</u>	<u>99,449,802</u>	<u>26,313,395</u>

The notes on pages 7 to 10 form an integral part of these financial statements.

**HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATIONPROJECT
FINANCED BY THE WORLD BANK- EASTERN AND SOUTHERN AFRICA
HIGHER EDUCATION CENTERS OF EXCELLENCE (ACE II)
IDA CREDIT No 5794-ET, PROJECT No. P151847
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2022
Account number	0102081300001
Depository bank	National Bank of Ethiopia
Address	Addis Ababa, Ethiopia
Related credit	IDA credit No. 5794-ET
Currency	USD

	USD	Equivalent in Ethiopian Birr
Beginning balance – 7 July 2021	1,525,373.58	66,862,005.27
Add:		
Transfer from the World Bank	770,849.49	38,702,117.43
A wrongly transfer of the University's'		
Transfer from Florida University	<u>10,215.52</u>	<u>519,710.49</u>
	<u>2,306,438.59</u>	<u>106,083,833.19</u>
Less:		
Transfer to the Birr Bank account	410,215.52	18,530,150.00
Payments for goods and services	155,508.05	8,251,706.17
Bank services charge	<u>20.00</u>	<u>46,325.00</u>
	<u>565,743.57</u>	<u>26,828,181.17</u>
	1,740,694.93	79,255,652.02
Gain on exchange rate difference	=	<u>11,312,182.98</u>
Ending Balance -7 July 2022	<u>1,740,694.93</u>	<u>90,567,835.00</u>

The notes on pages 7 to 10 form an integral part of these financial statements.

**HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATION PROJECT
FINANCED BY THE WORLD BANK- EASTERN AND SOUTHERN AFRICA
HIGHER EDUCATION CENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794
NOTES TO THE FINANCIAL STATEMENTS**

1. PROJECT INFORMATION

The Federal Democratic Republic of Ethiopia and the International Development Association (IDA) entered into an agreement to finance centers of excellence in August 2016. The latter agreed to extend a credit of USD 24 million and out of which USD 6 million is allocated to the Centre of Excellence in Climate Smart Agriculture and Biodiversity Conservation (ACE Climate SABC) under Haramaya University.

The objective of the Project is to support the center of excellence to deliver quality post graduate education and build collaborative research capacity in the regional priority areas.

The Project, with effective date of 26 May 2016, is expected to end on 31 December 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Program are stated below.

a) Basis of preparation

These financial statements have been prepared in accordance with the Ethiopian Government's Manual of the Federal Accounting System which is based on a modified cash basis of accounting.

b) Currency

These financial statements are presented in Ethiopian Birr. Transactions in foreign currencies are translated into Birr at the approximate rates of exchange prevailing at the dates of the transactions. Foreign currency balances are translated into Birr at exchange rates ruling at the balance sheet date.

HARAMAYA UNIVERSITY
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 HIGHER EDUCATION CENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794
 NOTES TO THE FINANCIAL STATEMENTS (continued)

3. RECEIVABLES

	2022	2021
	Ethiopian Birr	Ethiopian Birr
Haramaya University	400,125	-
Staff debtors	287,803	450,972
Sundry debtors	145,780	117,055
Research Advance	<u>5,428,738</u>	<u>4,278,686</u>
	<u>6,262,446</u>	<u>4,846,913</u>

4. CASH AND BANK BALANCES

	2022	2021
	Ethiopian Birr	Ethiopian Birr
USD Designated Account No. 0102081300001	90,567,835	66,862,005
ETB Designated Account No. 1000191532857	<u>3,052,524</u>	<u>4,250,886</u>
	<u>93,620,359</u>	<u>71,112,891</u>

5. CREDITORS

	2022	2021
	Ethiopian Birr	Ethiopian Birr
Sundry	381,338	382,585
Pension payables	-	-
Unclaimed salary	41,945	21,465
Taxes payables	9,720	7,321
Moti Engineering P.L.C	-	<u>6,653,248</u>
	<u>433,003</u>	<u>7,064,619</u>

HARAMAYA UNIVERSITY
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 HIGHER EDUCATIONCENTERS OF EXCELLENCE (ACE II), IDA CREDIT No 5794.
 NOTES TO THE FINANCIAL STATEMENTS (continued)

6. FUND BALANCE

	2022 Ethiopian Birr	2021 Ethiopian Birr
Balance at 7 July 2021	68,895,185	42,581,790
Add: Excess of sources over uses for the year	<u>30,554,417</u>	<u>26,313,395</u>
Balance at 7 July 2022	<u>99,449,802</u>	<u>68,895,185</u>

7. GOODS, SERVICES AND OPERATING EXPENSES

	2022 Ethiopian Birr	2021 Ethiopian Birr
Screen new Students	90,100	76,675
Stipend for Students	3,462,648	5,788,197
International Guest Lectures	51,599	100,527
National Guest Lectures	331,220	524,795
Haramaya University Lectures	392,000	424,220
Office Supplies and Machines	402,857	629,149
Video Conference Facilities	-	6,653,248
Benchmarking	-	291,225
Research Methods Training	-	42,365
Scientific Writing & Communication Training	-	55,740
Lab Equip. Chem. & Reagents	-	11,615
Review Research Proposal	167,850	-
Research Grants for Students	3,062,434	2,283,589
Examination & Supervision fees	808,815	786,006
Project Activity Running Cost	8,547,231	4,751,385
Knowledge sharing staff	73,950	-
Promotion & Advertising	354,472	206,770
Internal & External Auditing	605,157	230,050
Grant-Winning Proposals	245,220	153,473
Post graduates supervision	270,000	-
Decision support system training	218,721	-
Regional steering committee	297,790	-
Publication	28,519	-
Partnership with civil society	49,300	-
	<u>19,459,883</u>	<u>23,009,029</u>

**HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
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FINANCED BY THE WORLD BANK- EASTERN AND SOUTHERN AFRICA
HIGHER EDUCATIONCENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794
NOTES TO THE FINANCIAL STATEMENTS (continued)**

8. COMPARATIVE FIGURES

Current year ledger records for expenditures were maintained in accordance with each Component of the projects activities in line with the Project Implementation Plan and for the semiannual IFR reporting purpose. In order to facilitate comparison, therefore, some of the 2021 year figures has been reclassified (rearranged) in this financial Statements.

9. DATE OF AUTHORIZATION

The Leader, Africa Center of Excellence for Climate Smart Agriculture and Biodiversity Conservation authorized the issue of these financial statements 4 January 2023.

**HARAMAYA UNIVERSITY- AFRICA CENTER OF EXCELLENCE
CLIMATE SMART AGRICULTURE AND BIODIVERSITY CONSERVATION PROJECT
FINANCED BY THE WORLD BANK- EASTERN AND SOUTHERN AFRICA
HIGHER EDUCATION CENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
IFR WITHDRAWAL SCHEDULE**

For Reimbursements application submitted during the year from 8 July 2021 to 7 July 2022

<u>Application No</u>	<u>World Bank's Reference No.</u>	<u>Amount Requested SDR</u>	<u>Amount Disbursed USD</u>	<u>Equivalent in Ethiopian Birr</u>
09	Transaction No 27	549,175.00	770,849.49	38,702,117.43

ANNEX II

HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATION PROJECT
FINANCED BY THE WORLD BANK- EASTERN AND SOUTHERN AFRICA
HIGHER EDUCATION CENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
RECONCILIATION OF BIANNUALLY INTERIM FINANCIAL REPORTS (IFRs)
WITH THE YEAR END STATEMENT OF SOURCES AND USES OF FUNDS AND
BALANCE SHEET

			Adjustments made	
	Semi-annual Period Ending January 8, 2022 Ethiopian Birr	Semi-annual Period Ending July 7, 2022 Ethiopian Birr	After The Semi- annual IFR Submitting to the World Bank Ethiopian Birr	Cumulative for the year ended 7 July 2022 Ethiopian Birr
Opening Cash Balance - World Bank IDA Funds	71,112,891.00	66,635,035.64	(3,569,093.70)	63,065,941.94
World Bank IDA Funds :-				
Less : Accounts Payables	(7,064,619.00)	(1,574,677.17)	1,141,673.89	(433,003.28)
Add: Accounts Receivable	4,847,112.04	5,183,118.48	1,079,326.90	6,262,445.38
ACCUMULATED FUND 9 January 2021 & 7 July 2021	68,895,384.04	70,243,476.95	(1,348,092.91)	68,895,384.04
ADD : Receipts (SOURCES)				
World Bank funding-IDA Credit	-	38,702,117.43	10,226,888.29	38,702,117.43
Gain on foreign exchange	11,574,981.20	(262,798.22)		11,312,182.98
				-
Total Financing Balance	11,574,981.20	38,439,319.21	-	50,014,300.41
	80,470,365.24	108,682,796.16	-	118,909,684.45
Les: ACE Expenditure as per Project Implementation Plan				
Achieving Excellence in Training	3,495,318.29	1,235,105.51	-	4,730,423.80
Improving the learning experience	-	-	-	-
Developing Regional Partnerships and Programs	73,950.00	49,300.00		123,250.00
Promote applied research	1,854,554.17	2,701,784.52		4,556,338.89
Management and governance	4,727,554.17	5,076,934.98		9,804,650.81
Sustainable Financing	75,350.00	169,870.00	-	245,220.00
Total Uses of Funds by Components	10,226,888.29	9,232,995.01	:	19,459,883.30
Adjusted Total Uses of Funds	10,226,888.29	9,232,995.01	:	19,459,883.30
Closing Balances	70,243,476.95	99,449,801.15	:	99,449,801.15
World Bank IDA Funds:	66,635,035.64	93,620,359.05	-	93,620,359.05
Add: Accounts Payables	(1,574,677.17)	(32,876.25)	(400,125.03)	(433,003.28)
Less: Accounts Receivable	5,183,118.48	5,862,320.35	400,125.03	6,262,445.38
Total Closing Cash Balance	70,243,476.95	99,449,801.15	:	99,449,801.15

**HARAMAYA UNIVERSITY
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FINANCED BY THE WORLD BANK- EASTERN AND SOUTHERN AFRICA
HIGHER EDUCATION CENTERS OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET**

Eligible Expenditure Programs (EEPs)

In accordance with the TOR, Eligible Expenditure Programs (EEPs) for the Project is salary expenditure of Haramaya University, College of Agriculture and Environmental Sciences incurred during the period 8 July 2020 to 7 July 2022. We have verified the total salary expenditure incurred during the period under audit totalling ETB 39,085,099. The details are:

	2022	2021
Salary expenses of the College of Agriculture for the month of:	Ethiopian Birr	Ethiopian Birr
8 July 2020 to 07 August 2021	3,239,974.00	3,061,248.50
08 August 2020 to 07 September 2021	3,285,824.50	3,069,390.50
08 September 2020 to 07 October 2021	3,268,279.00	3,095,171.50
08 October 2020 to 07 November 2021	3,233,396.00	3,047,493.50
08 November 2020 to 07 December 2021	3,292,801.00	3,099,437.50
08 December 2020 to 07 January 2022	3,255,536.00	3,136,375.50
08 January 2021 to 07 February 2022	3,288,420.00	3,343,964.50
08 February 2021 to 07 March 2022	3,228,336.00	3,142,824.50
08 March 2021 to 07 April 2022	3,254,801.00	3,132,089.00
08 April 2021 to 07 May 2022	3,279,179.50	3,166,027.00
08 May 2021 to 07 June 2022	3,289,510.00	3,170,263.60
08 June 2021 to 07 July 2022	3,269,042.00	3,167,331.00
TOTAL	39,085,099.00	37,631,652.60