



በኢትዮጵያ ፌዴራላዊ ዲሞክራሲያዊ ሪፐብሊክ
የሂሳብ ምርመራ አገልግሎት ኮርፖሬሽን

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 CENTRES 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 credit No. 5794-ET of Haramaya University, Africa Centre of Excellence (ACE) which comprise the balance sheet as at 7 July 2019, 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 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.

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

ASC

☎ 251-011-5515222
251-011-5535012
251-011-5535015
251-011-5535016

Fax 251-011-5513083

E-mail: ASC@ethionet.com

☒ 5720



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Haramaya University, Africa Centre of Excellence (ACE) for Climate Smart Agriculture and Biodiversity Conservation (Climate SABC) Project as at 7 July 2019 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.

Report on other requirements

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

- during the period IDA funds have been used in accordance with the conditions of the relevant financing agreements and only for the purposes for which the financing were provided;
- 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;
- all necessary supporting documents, records and accounts have been maintained in respect of the Project activities;
- 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;
- National laws and regulations have been complied with and that the financing and accounting procedures approved for the Project were followed and used;
- Financial performance of the Project, apart from where reported to the contrary in this report is satisfactory;
- Assets procured from project funds exist and there is verifiable ownership by Haramaya University ACE or beneficiaries in line with the financing agreement; and

AS



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

Report on other requirements (continued)

- 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 2018 to 7 July 2019. We have verified that the total salary expenditure incurred during the period under audit is ETB 31,309,797.24. However, according to the two semi-annual interim financial statements that the AEC has submitted to the World Bank the total EEP balance for the year was reported as Birr 36,271,090.83 with a difference of Birr 4,961,293.59, which was explained as reporting of Birr 2,772,377 twice and erroneous reporting of salary for July 2019 in the second semi-annual report.

Further 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, can be relied upon to support 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; and
- iii) no ineligible expenditures came to our attention in the course of our audit.

Other Matters

The Project financial statements for the period ended 7 July 2018 were audited by HST General Partnership Chartered Certified Accountants and Authorized Auditors, and they have given clean opinion.

Audit Services Corporation

2 January 2021



HARAMAYA UNIVERSITY
 AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
 BIODIVERSITY CONSERVATION PROJECT
 HIGHER EDUCATION CENTRES OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
 BALANCE SHEET
 AS AT 7 JULY 2019

	Notes	2019 Ethiopian Birr	2018 Ethiopian Birr
CURRENT ASSETS			
Receivables	3	2,712,773	161,654
Cash and bank balances	4	<u>4,411,271</u>	<u>20,577,483</u>
		7,124,044	20,739,137
CURRENT LIABILITIES			
Payables	5	<u>924,743</u>	<u>442,831</u>
NET CURRENT ASSETS		<u>6,199,301</u>	<u>20,296,306</u>
REPRESENTED BY			
FUND BALANCE	6	<u>6,199,301</u>	<u>20,296,306</u>

The notes on pages 7 to 9 form an integral part of these financial statements.



**HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATION PROJECT
HIGHER EDUCATION CENTRES OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 7 JULY 2019**

	Note	Year ended 7 July 2019 Birr	Cumulative from 9 May 2017 to 7 July 2019 Birr	Period ended 9 May 2017 to 7 July 2018 Birr
SOURCES				
IDA credit		-	25,178,887	25,178,887
Students' stipend from IUCEA		812,352	812,352	-
Gain on foreign exchange		<u>653,762</u>	<u>5,460,367</u>	<u>4,806,605</u>
		<u>1,466,114</u>	<u>31,451,606</u>	<u>29,985,492</u>
USES				
Goods, services and operating expenses	7	<u>15,563,119</u>	<u>25,252,305</u>	<u>9,689,186</u>
(DEFICIT)/EXCESS OF SOURCES OVER USES		<u>(14,097,005)</u>	<u>6,199,301</u>	<u>20,296,306</u>

The notes on pages 7 to 9 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-ET, PROJECT No. P151847
DESIGNATED ACCOUNT STATEMENT**

For year ended 7 July 2019
Account number 0102081300001
Depository bank National Bank of Ethiopia
Address Addis Ababa, Ethiopia
Currency USD

	USD	Equivalent in Ethiopian Birr
Balance at 7 July 2018	819,640.51	14,668,415
Add:		
Transfer from IUCEA during the year	<u>28,800.00</u>	<u>812,352</u>
	<u>848,440.51</u>	<u>15,480,767</u>
Less:		
Payment for goods and services	457,569.13	5,081,690
Transfer to Birr account	<u>275,687.50</u>	<u>7,719,774</u>
	<u>733,256.63</u>	<u>12,801,464</u>
	115,183.88	2,679,303
Gain on exchange rate difference	=	<u>653,762</u>
Balance at 7 July 2019	<u>115,183.88</u>	<u>3,333,065</u>

The notes on pages 7 to 9 form an integral part of these financial statements.



**HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATION PROJECT
HIGHER EDUCATION CENTRES OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
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 centres 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 centre of excellence to deliver quality post graduate education and build collaborative research capacity in the regional priority areas.

The Project, with effective date of 9 May 2017, 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
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATION PROJECT
HIGHER EDUCATION CENTRES OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
NOTES TO THE FINANCIAL STATEMENTS (continued)**

3. RECEIVABLES

	2019 Ethiopian Birr	2018 Ethiopian Birr
Staff debtors	442,894	90,979
Sundry debtors	73,335	70,675
Research	<u>2,196,544</u>	-
	<u>2,712,773</u>	<u>161,654</u>

4. CASH AND BANK BALANCES

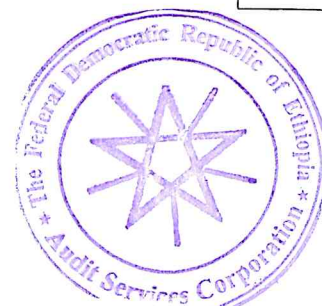
USD Designated Account No. 0102081300001	3,333,065	14,668,415
ETB Designated Account No. 1000191532857	<u>1,078,206</u>	<u>5,909,068</u>
	<u>4,411,271</u>	<u>20,577,483</u>

5. CREDITORS

Sundry	550,632	308,161
Pension and tax payable	<u>374,111</u>	<u>134,670</u>
	<u>924,743</u>	<u>442,831</u>

6. FUND BALANCE

Balance at 7 July 2018	20,296,306	-
(Deficit)/ excess of financing over expenditure	<u>(14,097,005)</u>	<u>20,296,306</u>
Balance at 7 July 2019	<u>6,199,301</u>	<u>20,296,306</u>



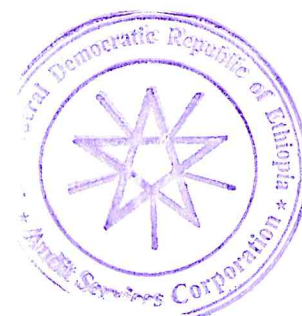
**HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATION PROJECT
HIGHER EDUCATION CENTRES OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
NOTES TO THE FINANCIAL STATEMENTS (continued)**

7. GOODS, SERVICES AND OPERATING EXPENSES

	2019 Ethiopian Birr	2018 Ethiopian Birr
Purchase of vehicle and equipment	4,173,578	3,375,556
Stipend -PhD and MSc	4,709,201	2,171,587
Salaries and wages	2,207,812	1,118,496
Transportation fee	878,853	703,170
Training and workshop	290,839	681,895
Per diem	846,604	678,681
Lecturers' fee and per diem	1,250,427	270,231
Pension	240,439	123,035
Book allowance -PhD and MSc students	255,868	-
Entertainment-Teaching learning	334,860	121,132
Research and development-MSc	99,856	114,968
Miscellaneous	22,953	38,424
Audit fee	69,000	-
Loading and unloading	8,300	9,600
Maintenance	45,698	7,100
Advertising expenses	-	265,975
Office supplies and sanitation	7,934	5,000
Printing	52,743	-
Fuel and lubricants	68,154	3,936
Agricultural input	-	400
	<u>15,563,119</u>	<u>9,689,186</u>

8. DATE OF AUTHORIZATION

The Leader, Africa Centre of Excellence for Climate Smart Agriculture and Biodiversity Conservation authorized the issue of these financial statements on 2 January 2021.



HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
BIODIVERSITY CONSERVATION PROJECT
HIGHER EDUCATION CENTRES OF EXCELLENCE (ACE II), IDA CREDIT No. 5794-ET
NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2018 to 7 July 2019. We have verified that total salary expenditure incurred during the period under audit is ETB 31,309,797. The details are:

Salary of the College of Agriculture incurred during the month of:	2019 Ethiopian Birr	2018 Ethiopian Birr
8 July 2018 to 08 August 2018	2,516,007.00	4,031,196
08 August to 08 September 2018	2,519,445.00	4,064,711
08 September 2018 to 07 October 2018	2,297,319.00	4,164,297
08 October 2018 to 07 November 2018	2,672,620.00	4,155,831
08 November 2018 to 07 December 2018	2,705,801.00	4,308,122
08 December 2018 to 07 January 2019	2,705,801.00	4,296,875
08 January 2019 to 07 February 2019	2,772,377.00	4,350,196
08 February 2019 to 07 March 2019	2,743,272.00	4,311,904
08 March 2019 to 07 April 2019	2,723,157.00	4,291,004
08 April 2019 to 07 May 2019	2,710,293.00	4,276,184
08 May 2019 to 07 June 2019	2,758,048.00	4,356,765
08 June 2019 to 07 July 2019	2,185,657.24	4,388,959
TOTAL	<u>31,309,797</u>	<u>50,996,044</u>



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

**RECONCILIATION OF BIANNUAL INTERIM FINANCIAL REPORTS (IFRs)
WITH THE YEAR END STATEMENT OF SOURCES AND USES OF FUNDS AND
BALANCE SHEET**

	Semi-annual Period Ending	Semi-annual Period Ending	Adjustments / Expenditures Added after the IFR Being	Cumulative for the year ended
	January 08, 2019	July 07, 2019	Submitted to WB	7 July 2019
	Ethiopian Birr	Ethiopian Birr	Ethiopian Birr	Ethiopian Birr
Opening Cash Balance - World Bank IDA Funds	20,577,483			20,577,483
World Bank IDA Funds :-				
Add: Accounts Receivable	161,654			161,654
Less: Accounts Payables	<u>442,831</u>			<u>442,831</u>
ACCUMULATED FUND 7 JULY 2019	<u>20,296,306</u>			<u>20,296,306</u>
& 9 January 2020				
ADD : Receipts (SOURCES)				
World Bank funding-IDA Credit	-	-	-	-
Gain on foreign exchange	-	-	653,762	653,762
Others funding	-	<u>412,164</u>	<u>400,188</u>	<u>812,351</u>
Adjusted Total Financing Balance			<u>1,053,950</u>	<u>21,762,419</u>
Les: ACE Expenditure as per Project Implementation Plan				
Achieving Excellence in Training	236,3423	3,005,934		5,369,357
Improving the learning experience	1,278,437	982,241		2,260,678
Developing Regional Partnerships and Programs	22,553	52,743		75,296
Promote applied research	2,697,999	82,645		2,780,644
Management and governance	<u>3,087,305</u>	<u>1,980,617</u>		<u>5,067,922</u>
Total Uses of Funds by Components	<u>9,449,717</u>	<u>6,104,180</u>		<u>15,553,897</u>
Add Expenditure added during the last month of the year but after the 2 nd Semi-annual report being Submitted			9,222	
Total Uses of Funds	<u>9,449,717</u>	<u>6,104,180</u>	<u>9,222</u>	<u>15,563,119</u>
Closing Balances				
World Bank IDA Funds:	10,846,589	5,692,016		6,199,300
Add: Accounts Payables	-870,099.33	924,744		924,744
Less: Accounts Receivable	<u>1,453,175.31</u>	<u>2,669,353</u>	<u>43,420</u>	<u>2,712,773</u>
Total Closing Cash Balance	<u>10,210,871.43</u>	<u>3,357,321</u>	<u>1,053,950</u>	<u>4,411,271</u>

