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**AUDIT SERVICES
CORPORATION**

HARAMAYA UNIVERSITY
AFRICAN CENTER OF EXCELLENCE (ACE II) FOR
CLIMATE SMART AGRICULTURE AND BIODIVERSITY
CONSERVATION (CLIMATE SABC)
INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
7 JULY 2021



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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
EDUCATIONCENTERS 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 2021, 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.

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**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF 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
(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 2021 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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**INDEPENDENT AUDITOR'S REPORT ON THE
FINANCIAL STATEMENTS OF HARAMAYA UNIVERSITY,
AFRICACENTER OF EXCELLENCE - 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 (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 2020 to 7 July 2021. We have verified that total salary expenditure incurred during the period is ETB 37,631,652.60 (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) no ineligible expenditures came to our attention in the course of our audit.

Audit Services Corporation
7 January 2022

**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 2021**

	Notes	2021 Ethiopian Birr	2020 Ethiopian Birr
CURRENT ASSETS			
Receivables	3	4,846,913	3,305,224
Cash and bank balances	4	<u>71,112,891</u>	<u>40,887,978</u>
		75,959,804	44,193,202
CURRENT LIABILITIES			
Payables	5	<u>7,064,619</u>	<u>1,611,412</u>
NET CURRENT ASSETS		<u>68,895,185</u>	<u>42,581,790</u>
REPRESENTED BY			
FUND BALANCE	6	<u>68,895,185</u>	<u>42,581,790</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 2021**

	Note	Year ended 7 July 2020 Birr	Cumulative from 9 May 2017 to 7 July 2021 Birr	Year ended 7 July 2020 Birr
SOURCES				
IDA Credit		38,169,290	111,595,514	48,247,337
Students' stipend from IUCEA		-	812,352	-
Gain on foreign exchange		<u>11,153,134</u>	<u>19,633,337</u>	<u>3,019,836</u>
		<u>49,322,424</u>	<u>132,041,203</u>	<u>51,267,173</u>
USES				
Goods, services and operating expenses	7	<u>23,009,029</u>	<u>63,146,018</u>	<u>14,884,684</u>
EXCESS /(DEFICIT) OF SOURCES OVER USES		<u>26,313,395</u>	<u>68,895,185</u>	<u>36,382,489</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-ET, PROJECT No. P151847
DESIGNATED ACCOUNT STATEMENT**

For year ended	7 July 2021
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 2020	1,152,156.81	40,114,413.22
Add:		
Transfer from the World Bank	963,875.62	38,169,290.28
A wrongly transfer of the University's Fund in to the Centers' bank account	<u>18,539.15</u>	<u>653,846.16</u>
	<u>2,134,571.58</u>	<u>78,937,549.66</u>
Less:		
Transfer to the Birr Bank account	500,000.00	19,659,760.00
Payments for goods and services	107,948.00	3,519,769.47
Bank services charge	<u>1,250</u>	<u>49,148.53</u>
	<u>609,198</u>	<u>23,228,678.00</u>
	1,525,373.58	55,708,871.66
Gain on exchange rate difference	=	<u>11,153,133.61</u>
Ending Balance -7 July 2021	<u>1,525,373.58</u>	<u>66,862,005.27</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

	2021 Ethiopian Birr	2020 Ethiopian Birr
Staff debtors	450,972	426,554
Sundry debtors	117,255	117,055
Research Advance	<u>4,278,686</u>	<u>2,761,615</u>
	<u>4,846,913</u>	<u>3,305,224</u>

4. CASH AND BANK BALANCES

	2021 Ethiopian Birr	2020 Ethiopian Birr
USD Designated Account No. 0102081300001	66,862,005	40,114,413
ETB Designated Account No. 1000191532857	<u>4,250,886</u>	<u>773,565</u>
	<u>71,112,891</u>	<u>40,887,978</u>

5. CREDITORS

	2021 Ethiopian Birr	2020 Ethiopian Birr
Sundry	382,585	1,061,023
Pension payables	--	18,880
Unclaimed salary	21,465	21,465
Taxes payables	7,321	510,044
Moti Engineering P.L.C	<u>6,653,248</u>	<u>---</u>
	<u>7,064,619</u>	<u>1,611,412</u>

HARAMAYA UNIVERSITY
AFRICA CENTER OF EXCELLENCE FOR CLIMATE SMART AGRICULTURE AND
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HIGHER EDUCATIONCENTERS OF EXCELLENCE (ACE II), IDA CREDIT No 5794.
NOTES TO THE FINANCIAL STATEMENTS (continued)

6. FUND BALANCE

	2021	2020
	Ethiopian Birr	Ethiopian Birr
Balance at 7 July 2020	42,581,790	6,199,301
Add: Excess of sources over uses for the year	<u>26,313,395</u>	<u>36,382,489</u>
Balance at 7 July 2021	<u>68,895,185</u>	<u>42,581,790</u>

7. GOODS, SERVICES AND OPERATING EXPENSES

	2021	2020
Screen new Students	76,675	--
Stipend for Students	5,788,197	5,945,784
International Guest Lectures	100,527	--
National Guest Lectures	524,795	779,547
Haramaya University Lectures	424,220	525,628
Office Supplies and Machines	629,149	30,792
Video Conference Facilities	6,653,248	--
Benchmarking	291,225	--
Research Methoders Training	42,365	--
Scientific Writing & Communication Training	55,740	--
Lab Equip. Chem. & Reagents	11,615	--
Review Research Proposal	--	455,335
Research Grants for Students	2,283,589	1,821,340
Examination & Supervision fees	786,006	758,892
Project Activity Running Cost	4,751,384	4,442,163
Leadership & Change Mgt Trainin	--	76,987
Promotion & Advertising	206,770	48,217
Internal & External Auditing	230,050	-
Grant-Winning Proposals	<u>153,473</u>	-
	<u>23,009,029</u>	<u>14,884,684</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 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 2020 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 7 January 2022.

**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 2020 to 7 July 2021

<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>
07	Transaction No 18	40,085.57	56,313.36	1,985,327.51
08	Transaction No 23	629,168.00	907,562.26	36,183,962.77
Total		<u>669,233.57</u>	<u>963,875.62</u>	<u>38,169,290.28</u>

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**

	<u>Semi-annual Period Ending January 3, 2021 Ethiopian Birr</u>	<u>Semi-annual Period Ending July 7, 2021 Ethiopian Birr</u>	<u>Adjustments made After The Semi- annual IFR Submitting to the World Bank Ethiopian Birr</u>	<u>Cumulative for the year ended 7 July 2021 Ethiopian Birr</u>
Opening Cash Balance - World Bank IDA Funds	40,887,978	34,240,974.33		40,887,978
World Bank IDA Funds :-				
Less : Accounts Payables	(1,611,412)	(216,237.88)		(1,611,412)
Add: Accounts Receivable	3,305,224	3,953,292.64		3,305,224
ACCUMULATED FUND 9 January 2021 & 7 July 2021	<u>42,581,989.41</u>	<u>37,978,029.09</u>	<u>(189,411)</u>	<u>42,581,790</u>
ADD : Receipts (SOURCES)				
World Bank funding-IDA Credit	1,985,327.51	36,183,962.77		38,169,290.28
Gain on foreign exchange	-	11,153,133.61		11,153,133.61
Total Financing Balance	<u>1,985,327.51</u>	<u>47,337,096.38</u>		<u>49,327,423.89</u>
	<u>44,567,316.92</u>	<u>85,315,125.38</u>		<u>91,904,213.89</u>
Less: ACE Expenditure as per Project Implementation Plan				
Achieving Excellence in Training	3,631,241.22	4,298,511.64	(61,509.65)	7,868,243.21
Improving the learning experience	398,792.38	7,011,225.00	(66,751.61)	7,343,265.77
Developing Regional Partnerships and Programs	138,890.00	-		138,890.00
Promote applied research	145,425.60	2,028,947.36		2,174,372.96
Management and governance	2,274,938.63	3,076,306.52	(17,532.89)	5,333,712.26
Sustainable Financing	-	150,548.06		150,548.06
Total Uses of Funds by Components	<u>6,589,287.83</u>	<u>16,565,538.58</u>		<u>23,009,029.26</u>
Adjusted Total Uses of Funds	<u>6,589,287.83</u>	<u>16,565,538.58</u>	<u>(145,797.15)</u>	<u>23,009,029.26</u>
Closing Balances	<u>37,978,029.09</u>	<u>68,749,586.80</u>	<u>(145,797.15)</u>	<u>68,895,165</u>
World Bank IDA Funds:				
Add: Accounts Payables	216,237.88	6,997,667.38	66,951.02	7,064,619
Less: Accounts Receivable	<u>(3,953,292.64)</u>	<u>-4,779,961.98</u>	<u>(66,951.02)</u>	<u>(4,846,913)</u>
Total Closing Cash Balance	<u>34,240,974.33</u>	<u>70,967,292.80</u>	<u>145,598.20</u>	<u>71,112,891</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 EDUCATIONCENTERS 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 2021. We have verified the total salary expenditure incurred during the period under audit totalling ETB 37,631,652.60. The details are:

Salary expenses of the College of Agriculture for the month of:	2021 Ethiopian Birr	2020 Ethiopian Birr
8 July2020 to 07 August 2020	3,061,248.50	2,724,290.00
08 August 2020 to 07 September 2020	3,069,390.50	3,009,023.00
08 September 2020 to 07 October 2020	3,095,171.50	2,765,522.00
08 October 2020 to 07 November 2020	3,047,493.50	2,734,180.00
08 November 2020 to 07 December 2020	3,099,437.50	2,701,773.00
08 December 2020 to 07 January 2021	3,136,375.50	2,724,023.83
08 January 2021 to 07 February 2021	3,343,964.50	2,751,197.00
08 February 2021 to 07 March 2021	3,142,824.50	2,758,609.00
08 March 2021 to 07 April 2021	3,132,089.00	2,994,009.00
08 April 2021 to 07 May 2021	3,166,027.00	2,780,635.00
08 May 2021 to 07 June 2021	3,170,263.60	2,790,991.00
08 June 2021 to 07 July 2021	3,167,331.00	3,001,099.00
TOTAL	37,631,652.60	33,735,351.83

