

**TAY**

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**INTERNAL CONTROL MEMORANDUM**

**STATISTICS FOR RESULT PROJECT UNDER  
CENTRAL STATISTICAL AGENCY (GRANT  
NO.TF017115)**

**AS AT AND FOR THE YEAR ENDED 7<sup>th</sup> JULY 2016**

**TAY & Co.**

**Chartered Certified Accountants & Authorized Auditors**

**Addis Ababa, Ethiopia**

Tel. 251-11-442-1336 Fax 251-11-442-1338 E-mail: [tayco@ethionet.et](mailto:tayco@ethionet.et)

P.O.Box 1335 Addis Ababa, Ethiopia

Ethio-china Friendship Street Wongelawit Tadesse Building 1<sup>st</sup> Floor

Website: [www.tayauditing.com](http://www.tayauditing.com)



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*Chartered Certified Accountants & Authorized Auditors*  
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January 2,, 2017

To: **Central Statistics Agency Statistics for Result (Grant No.TF017115)**  
**Addis Ababa**

Dear Sirs,

## MANAGEMENT LETTER

In accordance with our appointment as auditors, we have audited the financial statements of **Central Statistics Agency Statistics for Result project (Grant No.TF017115)** (here in after referred to as the project) as at 7<sup>th</sup> July, 2016. The auditor accounts and our report hereon and issued our reports thereon are given under a separate cover.

The matters referred to in this report came to our notice during the conduct of our normal audit procedures, which are designed primarily with a view to expressing our opinion on the account of the company.

Therefore our comments cannot be expected to include all possible improvements in internal control, whether all relevant policies and procedures are in operation and to disclose all defalcations and other irregularities that a more extensive special examination might reveal.

We would like to give our observations and recommendations on certain aspects of internal control and other matters as follows:



Ethio-China Friendship Street, Wengelawit Tadesse Building 1<sup>st</sup> Floor

Tel. (011) 442 1336, 442 0062, (011) 470 7092, (011) 470 7094, Mob. (093) 001 4106, (091) 151 5038/39  
Fax (011) 442 1338 - e-mail: tayco@ethionet.et - www.tayauditing.com - P.O. Box 1335 - Addis Ababa, Ethiopia

## DEBTORS

### 1. Observation

Included in the debtors account is Birr 2,291,628 advance payment to Dahr Al Dahr for purchase of digital.

#### Implication

It is difficult to control the existence of the assets.

#### Recommendation

We recommend that the complete fixed asset register be maintains which contains the above points and physical with the registers.

#### Management response

Accepted, the supplier failed to supply the items with in due time due to lack of the foreign currency and agreed to solve the matters with in short time

## PURCHASES

### 2. Observation

When examining purchases we noted that proforma invoices collected were kept in a separate files without cross referencing to the final suppliers invoices.

#### Implication

It is difficult to trace the profma invoices

#### Recommendation

We recommend that in future, proforma invoices be attached to the suppliers' invoices for the purpose of subsequent checking.

#### Management responses

Accepted, We will cross-referee the preform invoice filed at the procurement division in the future with respective vouchers

## CASH RECETPT VOUCHERS

### 3. Observation

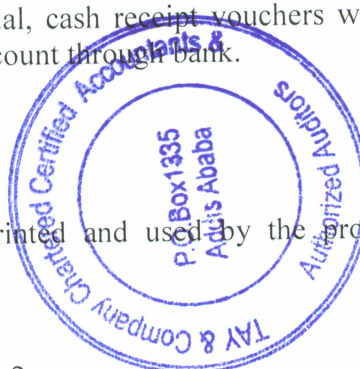
We noted that contrary to the financial manual, cash receipt vouchers were not issued for grant transferred from foreign to the project bank account through bank.

#### Implications

Non-compliance to the financial manual

#### Recommendation

We recommend that receipt vouchers be printed and used by the project as required in the agreement Annex II.



## Management response

We raised cash receipt vouchers subsequent to this balance sheet date

Finally, we would like to thank all the staff members and management of the project for the assistance accorded to us during the course of our audit.

We would be pleased to make ourselves available to discuss the matters raised in this report if found necessary.

Yours faithfully,



TAY & Co.

Chartered Certified Accountants &  
Authorized Auditors



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**AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF**

**STATISTICS FOR RESULT PROJECT UNDER**

**CENTRAL STATISTICAL AGENCY (GRANT**

**NO.TF017115)**

**AS AT AND FOR THE YEAR ENDED 7<sup>th</sup> JULY 2016**

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## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF STATISTICS FOR RESULT PROJECT UNDER CENTRAL STATISTICAL AGENCY (GRANT NO.TF017115)**

### **Report on the financial Statements**

We have audited the accompanying financial statements of Statistics for Result project (Grant No. TF017115) Under Central Statistical Agency which comprise the statement of financial position as at 7 July 2016, the statement of sources, the statement of income and expenditures and uses of fund, and a summary of significant accounting policies and other explanatory notes for the year then ended

### **Management's Responsibility for the Financial Statements**

The Project's Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles, and for such internal control as management 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**

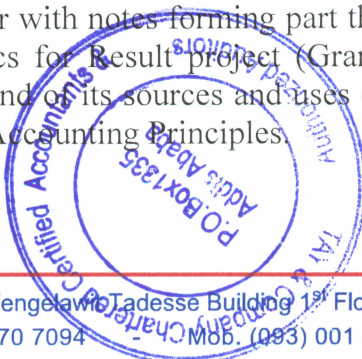
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with international standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors consider internal controls 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 propose 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.

### **Opinion**

In our opinion, the financial statements together with notes forming part thereof give a true and fair view for the financial position of the Statistics for Result project (Grant No. TF017115) Under Central Statistical Agency as at 07 July 2016 and of its sources and uses of funds for the year then ended in accordance with Generally Accepted Accounting Principles.



Ethio-China Friendship Street, Wengelaw Tadesse Building 1<sup>st</sup> Floor

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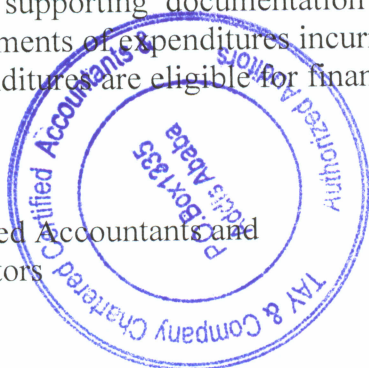
MOB. (093) 001 4106, (091) 151 5038/39

Fax (011) 442 1338 - e-mail: tayco@ethionet.et - www.tayauditing.com - P.O. Box 1335 - Addis Ababa, Ethiopia

In addition, with respect to statement of expenditure submitted during the year ended 07 July 2016, in our opinion

- a) The statements, 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 IDA for reimbursements of expenditures incurred; and
- c) The expenditures are eligible for financing under IDA Grant No. TF017115

  
TAY & Co.  
Chartered Certified Accountants and  
Authorized Auditors



Addis Ababa  
January 2, 2016

CENTRAL STATISTICS AGENCY  
 STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)  
 BALANCE SHEET  
AS AT 07 JULY 2016

	<u>Notes</u>	<u>Birr</u>	<u>2015 Birr</u>
<b>CURRENT ASSETS</b>			
Debtors and prepayments	4	12,694,315.68	57,000.60
Cash and Bank balances	5	11,259,062.24	17,687,771.71
		<u>23,953,377.92</u>	<u>17,744,772.31</u>
<b>LESS: CURRENT LIABILITIES</b>			
Crediters and accruals	6	3,188,850.73	264,020.56
<b>NET CURRENT ASSETS</b>		<u>20,764,527.19</u>	<u>18,008,792.87</u>
<b>FINANCED BY</b>			
Fund balalnce		<u>20,764,527.19</u>	<u>17,480,750.55</u>



CENTRAL STATISTICS AGENCY  
 STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)  
 STATEMENT OF SOURCE AND USES OF FUNDS  
 FOR THE YEAR ENDED 07 JULY 2016

	<u>Notes</u>	<u>Birr</u>	<u>2015 Birr</u>
<b>SOURCES</b>			
IDA Grant (Annex I)		50,867,772.08	24,413,893.63
<u>Gam on</u> foreign currency exchanges		893,664.96	468,811.53
Other income		100,300.00	-
		<u>51,861,737.04</u>	<u>24,882,705.16</u>
<b>USES</b>			
Organizational and Insprastructural capucuty development	7	42,383,358.55	5,604,502.40
Munfituring and ecaluation	8	6,194,601.55	1,797,451.01
		<u>48,577,960.10</u>	<u>7,401,953.41</u>
<b>EXCESS OF SOURCE OVER USES</b>		3,283,776.64	17,480,750.55
<b>FUND BALANCE BROUGHT FORWARD</b>		17,480,750.55	-
		<u>20,764,527.19</u>	<u>17,480,750.55</u>



CENTRAL STATISTICS AGENCY  
STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)  
NOTES TO THE FINCIAL STATEMENTS  
FOR THE YEAR ENDED 07 JULY 2016

## 1.BACKGROUND

The SFR project is established under the auspices of the Central Statistical Agency to facilitate the modernization and revitalization of CSA through capacity building of its staff and its model of functioning.

SFR Project is established as part of the National Statistical Development Strategy to assist the National Statistical system in capacity building and monitoring and evaluation.

The SFR project is an integral part of the National Statistics Development Strategy which is planning to fund some 80 million USD towards modernization of the CSA's organizational and data development capability and infrastructure at head quarter and selected branch offices. The target beneficiaries of the project will be both the government and the general public and stake holders.

The Project established based on the grant agreement entered between IDA and the Government of Ethiopia to finance the activity of the project with 10 million USD.

## 2. Scope of the audit

The audit of the project is carried out in accordance with International Standard on auditing (ISA) promulgated by the International Federation of Accountants (IFAC) including such test and procedures as deemed necessary under circumstances.

We also Visited, on the sample basis, the selected micro finance institutions (MFIs) participated in the project and ensure the following adhered to. We have given a Special attention that:

- 1) The World Bank financing has been used in accordance with conditions of relevant Financing agreements with due attention to economy and efficiency and only for the purpose for which the financing was provided.
- 2) The Counterpart fund have been provided and used in accordance with relevant financing agreements, with due attention to economy and efficiency and only for the purpose for which they were provided.
- 3) Goods, works and services financed have been procured in accordance with the relevant financing agreements including specific provisions of World Bank procurement policies and procedures.
- 4) All necessary supporting documents, records and accounts have been maintained in respect of the projects activity including expenditures reported using statements of expenditure (SOE) method of reporting.
- 5) Designated accounts have been maintained in accordance with the provision of relevant financing agreements and funds disbursed out of the accounts were used only for the purpose intended in the financing Agreements.
- 6) National laws and regulations have been compiled with, and that the financial and accounting procedures approved for the project were adhered.
- 7) Financial performance of the project is satisfactory.
- 8) Assets procured from the projects funds exist and there is verifiable ownership by the implementing agencies or beneficiaries in line with the financing agreement.
- 9) Ineligible expenditures included in withdrawal applications are identified and reimbursed to the designated accounts.



CENTRAL STATISTICS AGENCY  
STATISTICS FOR RESULT PROJECT  
NOTES TO THE FINCIAL STATEMENTS  
FOR THE YEAR ENDED 07 JULY 2016

**3. MAJOR ACCOUNTING POLICIES**

The principal accounting policies adopted and applied consistently by the project are stated here below:

a). Basis of Accounting

Accounts are prepared using Generally Accepted Accounting Principle and World Bank guidelines.

b). Expenditures of Capital nature

Expenditures of capital nature are expensed at the time of purchase.

c). Currency

The financial statements are presented in Birr. Transaction of foreign currency are translated in to Birr at the approximate rate of exchange prevailing at the date of transaction. Cash balance denominated in foreign currencies are translated in to Birr exchange rate ruling at the balance sheet date. The closing rate as at 07 July 2016 was Birr 21,8308 for one USD.



CENTRAL STATISTICS AGENCY  
STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)  
NOTES TO THE FINICAL STATEMENTS  
FOR THE YEAR ENDED 07 JULY 2016

4. DEBTORS AND PREPAYMENT

Advances - Trainees  
Contractors  
Purchase  
Sundry Crediturs  
Letter of credit

Birr  
298,049.71  
5,777,646.38  
2,291,628.00  
168,854.64  
4,158,136.95  
12,694,315.68

2015  
Birr

-  
-  
-  
57000.6  
-  
57,000.60

5. CASH AND BANK BALANCES

• National Bank of Ethiopia  
US Dollar account No. 0100451300020  
(USD 497288.13 & 218308  
• Birr account No. 0100451040049  
Cash on Hand

Birr

10,856,197.71  
397,870.11  
4,994.42  
11,259,062.24

2015  
Birr

8,847,279.28  
8,830,492.43  
10,000.00  
17,687,771.71

6. EXEDITURS AND ACCRUALS

Withholding tax  
Income tax  
VAT  
Sundry creditors  
Consultants  
Contractors  
Rentention payable

Birr

131,464.10  
218.88  
886,257.01  
122.83  
118,200.00  
1,465,832.69  
586,755.22  
3,188,850.73

2015  
Birr

31,301.44  
34,062.50  
198,656.62  
-  
-  
-  
-  
264,020.56



CENTRAL STATISTICS AGENCY  
 STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)  
 NOTES TO THE FINICIAL STATEMENTS  
 FOR THE YEAR ENDED 07 JULY 2016

**7. ORGANIZATION AND INFRASTRUCTURE CAPACITY DEVELOPMENT**

	<b>Birr</b>	<b>2015 Birr</b>
Goods	20,103,087.84	2,055,210.12
Traning and Workshops	3,983,220.53	3,071,267.20
Consultant Service	4,801,679.89	478,025.08
Works	13,495,370.29	-
	<b>42,383,358.55</b>	<b>5,604,502.40</b>

**8. MONITORING AND EVALUATION**

		<b>2015 Birr</b>
Goods	124,567.33	404,297.36
Consultant Service	779,716.73	418397.8
Operating Cost	5,290,317.49	974,755.85
	<b>6,194,601.55</b>	<b>1,797,451.01</b>

**9. CAPITAL COMMETEMENT**

The project has a capital commitement of Birr 15,216.53 in respect of buildings aunder construction payable to the contractors.



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**AUDITORS' REPORT ON THE DESIGNATED FINANCIAL  
STATEMENTS OF**

**STATISTICS FOR RESULT PROJECT UNDER  
CENTRAL STATISTICAL AGENCY (GRANT  
NO.TF017115)**

**AS AT AND FOR THE YEAR ENDED 7<sup>th</sup> JULY 2016**

**TAY & Co.**

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## INDEPENDENT AUDITOR'S REPORT ON THE DESIGNATED FINANCIAL STATEMENTS OF STATISTICS FOR RESULT PROJECT UNDER CENTRAL STATISTICAL AGENCY (GRANT NO. TF017115)

We have audited the accompanying special accounts of Statistics for Result Project under Central Statistical Agency (Grant No. TF 01115) for the year ended 7 July 2016.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principle. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policy; and making accounting estimates that are reasonable in the circumstances.

### **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.

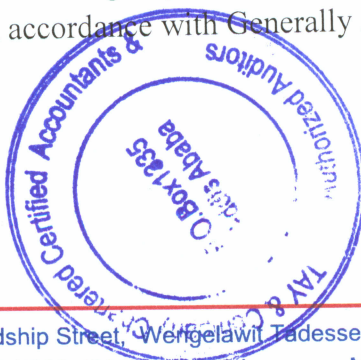
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

### **Opinion**

In our opinion, the special accounts give a true and fair view of the financial position of Statistics for Result Project Under Central Statistical Agency (Grant No. TF 01115), as at 7 July 2016 and the movement for the year then ended in accordance with Generally Accepted Accounting Principle

TAY & Co.  
Chartered Certified Accountants &  
Authorized Auditors



Addis Ababa,  
January 2, 2016

**CENTRAL STATISTICS AGENCY**  
**STATISTICS FOR RESULT PROJECT (GRANT NO. TF017115)**  
**STATEMENT OF DESIGNATED ACCOUNTS**  
**FOR THE YEAR ENDED 7 JULY 2016**

Account number : 10045130020  
 Depository bank National Bank of Ethiopia  
 Related Credit and Grant : IDA Credit TF O 17115ET  
 Address : Addis Ababa, Ethiopia  
 Currency USD

		<u>2015</u>
Initial Balance	429,775.83	-
Add: Transferred from World Bank Credit	<u>2,420,507.97</u>	<u>1,218,964.90</u>
	2,850,283.80	1,218,964.90
Less: Transfer to pool Birr account	2,200,000.00	700,000.00
Expendure during the year	<u>152,995.67</u>	<u>89,189.07</u>
	<u>2,352,995.67</u>	<u>789,189.07</u>
Ending Balance	<u><u>497,288.13</u></u>	<u><u>429,775.83</u></u>

