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**INDEPENDENT AUDIT REPORT PACKAGE  
(World Bank-Financed Project)**

**EAST AFRICA SKILLS FOR TRANSFORMATION AND  
REGIONAL INTEGRATION PROJECT (EASTRIP)  
KOMBOLCHA POLYTECHNIC COLLEGE  
LOAN NO: 6335 AND GRANT NO: D395-ET  
PROJECT ID: P163399**

**FOR THE 12 MONTHS PERIOD ENDED: 07 JULY 2025**

**TAY Audit Service LLP**

**Addis Ababa, Ethiopia**

Tel. 251-11-442-1336 Fax 251-11-442-1338 E-mail: [info@tayauditing.com](mailto:info@tayauditing.com)

P.O. Box 1335 Addis Ababa, Ethiopia

Ethio-china Friendship Street Wongelawit Tadesse Building 1st Floor

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

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PROJECT (EASTRIP)

KOMBOLCHA POLYTECHNIC COLLEGE

Loan No: 6335 and Grant No: D395-ET  
Project ID: P163399

For the 12 months period ended: 07 July 2025

**Issued by: TAY Audit Service LLP**

Date of report: 05 February 2026

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## 1. Introduction and Background

### 1.1 Assignment background

This report has been prepared in accordance with the Terms of Reference (ToR) agreed with the Federal Democratic Republic of Ethiopia Ministry of Labor and Skills and the financial reporting and auditing requirements applicable to World Bank-financed projects. The audit was conducted to express an opinion on the Project Financial Statements (PFSs) of East Africa Skill for Transformation and Regional Integration Project for the three months period ended 7 July 2025.

The audit engagement was undertaken by TAY Audit Service LLP. The engagement partner is Tesfa Tadesse MSc, FCCA. The audit was planned and performed in accordance with International Standards on Auditing (ISAs).

### 1.2 Project background

The project development objective of EASTRIP is to increase the access and improve the quality of TVET programs in selected regional flagship TVET Institutions and to support regional integration in East Africa. The project was approved on October 30, 2018 and was expected to close on December 31, 2024. The project was approved as an IDA Credit and Grant to the amount of USD 293 million - equivalent to the three participating countries of Ethiopia, Kenya and Tanzania for the implementation of the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) and for Coordination of the project activities by Inter - University Council of East Africa.

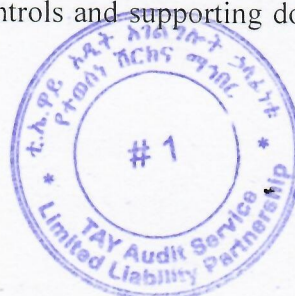
The Financial Agreement has been signed by the Government of Ethiopia and the World Bank on November 2, 2018. The Project became effective on 23rd May 2019. Per letter no. I.F.D.R.E 4/2/667 written by the Federal Democratic Republic of Ethiopia, Ministry of Finance to the World Bank, the project has been extended for 24 months until 31 December 2026 and one of the selected vocational schools selected for the project in Ethiopia is Kombolcha Poly Technic College.

The project fund comes from the recipient of US\$ 75 Million grant from IDA and borrower of US\$ 75 million credit from the World Bank. The total project cost is estimated at US\$150 million.

## 2. Audit Objectives

The objective of the audit of the Project Financial Statements (PFSs) is to enable the auditor to express a professional opinion on the financial position of the project at the end of each fiscal year, and on funds received and expenditures incurred for the relevant accounting period.

The project books of accounts provide the basis for preparation of the PFSs by the project implementing agency and are established to reflect the financial transactions in respect of the project. The implementing agency maintains adequate internal controls and supporting documentation for transactions.



### 3. Audit Methodology, Risk Assessment, and Sampling

#### 3.1 Standards and overall approach

- We conducted the audit in accordance with International Standards on Auditing (ISAs). We also complied with the relevant ethical requirements, including the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Our responsibilities under those standards are described in the Independent Auditor's Report.

The audit was planned and performed using a risk-based approach to obtain reasonable assurance about whether the Project Financial Statements (PFSs) are free from material misstatement, whether due to fraud or error, and whether project funds have been used for the intended purposes in accordance with the Financing Agreement and applicable World Bank requirements. The key elements of the audit approach included:

- Understanding the Project's operations, financing and funds-flow arrangements, and the financial reporting framework applied for PFS preparation;
- Understanding and assessing the design and implementation of key internal controls over financial reporting, disbursement and cash management (including the Designated Account), procurement and contract management, asset management, and IFR/SOE reporting;
- Performing risk assessment procedures (inquiries, walkthroughs, analytical procedures, and review of prior-year issues) to identify significant and other risks and to design responsive audit procedures;
- Determining materiality for the audit and applying professional judgment and professional skepticism throughout the engagement;
- Testing, on a sample basis, transactions and balances underlying the PFSs, including eligibility and supporting documentation for expenditures, accuracy of classifications by component/category, and completeness of reporting;
- Performing specific procedures required by the Terms of Reference (ToR), including procedures over the Designated Account (DA) reconciliation, review of Statements of Expenditure (SOE) / withdrawal schedules and references, reconciliation of IFRs to annual PFSs (where applicable), and verification of fixed assets procured from project funds; and
- Concluding and reporting based on audit evidence obtained, including communicating with those charged with governance and management (including holding entry and exit meetings) and obtaining written representations from management.



### 3.2 Risk assessment summary

Below is the finalized risk assessment summary table for the key areas identified in the project related to grant funded programs.

**Risk assessment summary:**

Risk Area	Risk Description	Inherent Risk (H/M/L)	Key Controls / Mitigating Factors	Audit Response (Procedures)
Financial Reporting (Grant Income)	Misstatement of grant income recognition, eligibility, or incomplete records.	Medium	- Approved financial manual - Reconciliation of grant agreements with records - Segregation of duties in recording	- Request direct confirmation from donor and Reconcile with the record balance.
Disbursement / Designated Account (DA)	Unauthorized or ineligible disbursements, or misuse of DA funds.	Medium	- Designated Account Reconciliation procedures - Pre-approval of withdrawal applications	- Test disbursement samples for authorization and eligibility - Reperform DA reconciliations - Review SOE/IFR supporting docs
Fraud (including Management Override)	Risk of intentional misstatement, asset misappropriation, or override of controls by management.	Low	- Tone at the top and anti-fraud policy - Internal audit function	- Journal entry testing for unusual items - Interviews and fraud risk inquiries - Test overrides of controls
Asset Management	Loss, misuse, or incomplete recording of fixed assets purchased with project funds.	Medium	- Asset register maintenance - Periodic physical verification - Tagging	- Reconcile asset register to financial records - test existence of assets on sample basis
IFR/SOE Reporting	Inaccurate or untimely submission of Interim Financial Reports (IFR) or Statements of Expenditure (SOE), leading to ineligible claims.	Medium	- Standardized IFR/SOE templates - Training on reporting requirements	- Trace IFR/SOE amounts to underlying records



### 3.3 Locations visited and scope coverage

The location of the audit is performed at Kombolcha Poly Technic College for all transactions and a visit to the construction site in Kombolcha city is conducted.

### 3.4 Sampling and tests of details

#### 3.4.1 Sample Technique

The sampling technique followed is by selecting high value transactions that are above the performance materiality and unusual account balances.

#### 3.4.2 Sampling Method

**1st sampling method:** All transactions with value above the performance materiality was selected for verification.

**2nd sampling method:** Transactions below the performance materiality were selected using systematic sampling method where the sample size falls below 50% based on the 1st sampling method.

#### Expenditure Sampling summary

Area	Population	Audited sample	Coverage (%)	Key assertions tested
Number of transactions	809	15	2%	Occurrence, completeness, and accuracy
Value of transactions (ETB)	328,908,394	269,402,359.66	82%	

### 3.5 Entry and exit meetings

Entry and exit meetings were conducted with the management of Kombolcha Polytechnic College. During the entry meeting discussions focused on the audit scope, timeline, and overall audit process. Upon completion of the audit an exit meeting was held to present and discuss the internal control matters (ICM) identified during the audit and to agree on the way forward.

## 4. Internal Control Review and Results

The audit included an assessment of the Project's internal control environment relevant to: (i) financial reporting; (ii) disbursement and cash management (including the Designated Account); (iii) procurement and contract management; and (iv) project reporting (including IFR/SOE reporting and reconciliations). Our procedures were designed to identify and evaluate controls that are relevant to the preparation of reliable PFSs and to the proper use of project funds; they were not designed for the purpose of expressing an opinion on the effectiveness of internal control.



#### 4.1 Control environment and governance

The PIU operates under MOLS's governance structure, with defined roles and responsibilities for the PIU Coordinator, Finance/Accounts staff, Procurement staff, and technical teams. Oversight is exercised through regular management reviews, approval of work plans and budgets, and periodic review of financial and progress reports. Key control considerations include: segregation of duties between initiation, approval, accounting, and payment; adherence to documented policies and procedures (financial management manual, procurement manuals); and maintenance of an audit trail through orderly filing and retention of supporting documentation.

#### 4.2 Financial reporting controls

Transactions are recorded in the project accounting records based on source documentation (contracts, invoices, receipts, payment vouchers, and payroll records) and are classified by component/category consistent with the chart of accounts and approved annual work plan and budget. Period-end reporting controls typically include:

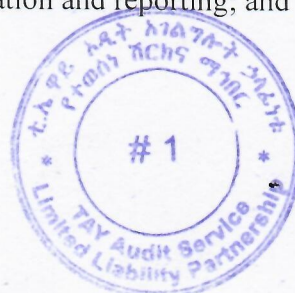
- (i) Review and approval of payment vouchers and journal entries
- (ii) Bank reconciliations for project bank accounts
- (iii) Reconciliation of subsidiary ledgers/schedules to the general ledger
- (iv) Supervisory review of draft IFRs and annual PFSs prior to submission and
- (v) Documented review of significant estimates or judgments, where applicable.

The audit assessed whether these controls were designed and implemented to support complete, accurate, and timely financial reporting.

#### 4.3 Disbursement and cash management (Designated Account).

The Project operates designated account arrangements for receipt and use of World Bank funds. Key controls include:

- (i) Authorized signatories and approval limits for bank instructions
- (ii) Preparation and independent review of withdrawal applications/IFR-based requests and SOE schedules
- (iii) Preparation, review, and timely clearance of DA reconciliations, including investigation and resolution of reconciling items
- (iv) Controls over exchange rates applied for translation and reporting; and



- (v) Safeguarding of cash and, where petty cash is used, periodic cash counts and independent review of petty cash reconciliations.

The audit evaluated whether disbursements were supported, eligible, properly authorized, and correctly recorded.

#### **4.4 Procurement and contract management.**

Procurement controls are intended to ensure that goods, works, and services are acquired in accordance with the approved procurement plan and applicable World Bank procurement regulations and national requirements. Typical controls include:

- (i) Documented procurement planning and approvals
- (ii) Use of appropriate procurement methods and standard bidding documents;
- (iii) Constitution of bid opening and evaluation committees with documented evaluation reports
- (iv) Contract approval and maintenance of a contract register
- (v) Verification of deliverables and acceptance (goods received notes, completion certificates) prior to payment; and (vi) segregation between procurement initiation, evaluation, contract award, and payment processing.

The audit assessed compliance and the completeness of the procurement files supporting sampled contracts and payments.

#### **4.5 Fixed asset management**

Assets procured from project funds are expected to be recorded in a fixed asset register capturing at least: description, serial number, location/custodian, acquisition date, cost, funding source, and condition. Good practice controls include:

- (i) Tagging/identification of assets;
- (ii) Assignment of custodians and documented handover;
- (iii) Periodic physical verification and reconciliation of the register to physical existence; and
- (iv) Controlled procedures for transfers, losses, and disposals, supported by approvals and documentation.

The audit evaluated the existence and condition of sampled assets and the reliability of the fixed asset schedule included in the annexes.



**4.6 Project reporting (IFR/SOE) and monitoring**

Project reporting controls cover the preparation and submission of periodic Interim Financial Reports (IFRs), SOE/withdrawal schedules, and related reconciliations. Controls typically include:

- (i) Standardized templates and guidance
- (ii) Reconciliation of IFR figures to the accounting records
- (iii) Management review of IFR narratives and variances against budget/work plan and
- (v) Retention of supporting documentation for SOE items to support World Bank review.
- (vi) Where quarterly IFRs are prepared, good practice includes reconciling cumulative quarterly IFRs to the annual PFSs and explaining differences.

The audit assessed whether these reporting controls support complete and accurate donor reporting.

**4.7 Overall control conclusion**

Based on the procedures performed, we concluded that the key controls described above were generally designed and implemented to support reliable financial reporting and compliance with the Financing Agreement. Control deficiencies and compliance exceptions identified are reported in Section 9 (Management Letter), together with their implications and recommendations for corrective action.

**Internal control assessment summary**

Process	Key controls	Design assessment (Adequate/ Needs improvement)	Operating effectiveness (Effective/ Partially/Not effective)	Implication	Reference to detailed finding / ML ref
Financial reporting controls	<input type="checkbox"/> Preparation and review of financial statements in accordance with applicable IFRS, with documented management review and approval. <input type="checkbox"/> Monthly reconciliation of general ledger balances with supporting schedules (bank, receivables, payables, fixed assets).	Adequate	Partially Effective	Risk of misstatement and inconsistent reporting (PFS vs supporting documents/schedules)	ML# 2



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Procurement and contract management	<input type="checkbox"/> Segregation of duties between transaction processing, review, and approval				
	<input type="checkbox"/> Procurement requests approved in line with delegated authority limits and budget availability.	Adequate	Effective	Internal control is Implemented	N/A
Disbursement and cash management	<input type="checkbox"/> Competitive bidding and vendor selection procedures documented and approved.				
	Dual authorization for bank payments and cheque signatories. Regular bank reconciliations prepared monthly and reviewed by an independent officer.	Adequate	Effective	Internal control is Implemented	N/A
Fixed asset management	Physical verification of fixed assets conducted periodically and reconciled with records.	Adequate	Effective	Internal control is Implemented	N/A
Project reporting (IFR/SOE) and monitoring	prepared accurately and submitted on time.	Adequate	Effective	Internal control is Implemented	N/A





## 5. Independent Auditor's Report (Audit Opinion)

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS OF KOMBOLCHA  
POLYTECHNIC COLLEGE  
EAST AFRICA SKILL FOR TRANSFORMATION AND REGIONAL INTEGRATION  
PROJECT (EASTRIP)  
Loan, No. 6335-ET and Grant No. D395-ET Project ID: P163399**

### Opinion

We have audited the accompanying financial statements of Kombolcha polytechnic college - East Africa Skill for transformation and Regional Integration project, Financed by Loan No. 6335-ET & Grant No. D395-ET, which comprise the Statement of the Financial Position as at 07 July 2025 and the Statement of Source and Uses of Fund and a Designated Account Statement for the period then ended and a summary of significant accounting policies and other explanatory information.

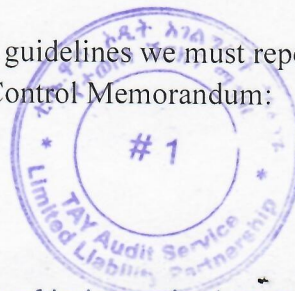
In our opinion the financial statement gives a true and fair view of the financial position of Kombolcha polytechnic college - East Africa Skill for transformation and Regional Integration project, Financed by Loan No. 6335.ET & Grant No. D395-ET, as at 7 July 2025 and of its sources and uses of funds for the period 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.

### Basis for Opinion

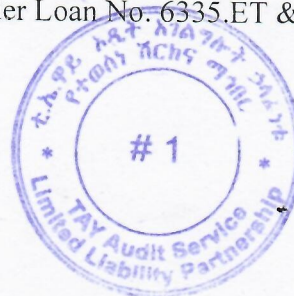
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accounts (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Report on Other Requirements

As required by the terms of reference and the World Bank guidelines we must report, in addition to our opinion, that except the matters discussed in Internal Control Memorandum:



- During the period 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;
- Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided;
- Goods, works and services financed have been provided 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 all Project activities;
- Designated Account has been maintained in accordance with the provisions of the financing agreement and funds disbursed out of the Account were used only for the purposes intended in the financing agreement;
- National laws and regulations have been complied with and that the financing and accounting procedures approved for the Project;
- Financial performance of the Project is satisfactory;
- Assets procured from Project funds exist and there is a verifiable ownership by the Project implementing beneficiaries in line with the financing agreement.
- We did not come across with any ineligible expenditures included in withdrawal applications;
- Our examination revealed no major weaknesses or irregularities in the system of internal control over financial;
- Furthermore, with respect to the interim financial reports (IFRs) submitted during the twelve months period ended 07 July 2025 and listed on page 11-13, in our opinion,
  - The reports, together with the procedures and internal controls involved in their preparation can be relied upon to support the relevant withdrawals;
  - Adequate supporting documentation has been maintained to support claims to IDA and
  - Expenditures are eligible for financing under Loan No. 6335.ET & Grant No. D395-ET.



### **Key Internal Control Weaknesses and Non-Compliance with Financing Agreement Terms**

During our expenditure verification we did not identify any significant internal control weaknesses in the areas of financial reporting, disbursement, procurement, fraud prevention, asset management, or IFR/SOE reporting except, issues identified in ICM. The project maintained adequate segregation of duties, timely reconciliation of the Designated Account (DA) and complete asset registers throughout the period. All procurement activities reviewed complied with World Bank guidelines, including competitive bidding requirements where applicable. IFR and SOE submissions were timely and accurately supported by underlying documentation. Overall, the internal controls were operating effectively with no material non-compliance noted with the Financing Agreement terms.

### **Responsibilities of the Management for the Financial Statements**

The Kombolcha Polytechnic College 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 Enterprise determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Tesfa Tadesse MSc, FCCA.

TAY Audit Service LLP



Addis Ababa  
05 February 2026

**6. AUDITED FINANCIAL STATEMENTS**

**6.1 STATEMENT OF BALANCE SHEET  
KOMBOLCHA POLYTECHNIC COLLEGE  
EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION  
PROJECT  
AS AT 7 JULY 2025**

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
<b>CURRENT ASSETS</b>			
Cash at bank	3	242,275,358	167,740,271
Other receivable	4	77,449,445	95,092,497
<b>TOTAL ASSETS</b>		<u>319,724,804</u>	<u>262,832,768</u>
<b>CURRENT LIABILITIES</b>			
Other payable	5	24,197,253	14,173,612
<b>NET ASSETS</b>		<u>295,527,550</u>	<u>248,659,155</u>
<b>REPRESENTED BY</b>			
Fund Balance	6	<u>295,527,550</u>	<u>248,659,155</u>



**6.2 STATEMENT OF SOURCES AND USES OF FUNDS**

**KOMBOLCHA POLYTECHNIC COLLEGE  
EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION  
PROJECT  
STATEMENT OF SOURCES AND USES OF FUNDS**

CURRENCY: ETB

<b>SOURCES</b>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
IDA D395-ET Grant	6	307,673,204	206,194,382
<b>OTHER</b>			
Gain On Exchange		126,593,115	5,640,919
Less :- Foreign exchange Fluctuation on construction		<u>(58,489,534)</u>	<u>-</u>
<b>TOTAL SOURCES</b>		<u><b>375,776,786</b></u>	<u><b>211,835,307</b></u>
<b>USES</b>			
	7		
1.1. Strengthening Governance & Management		91,944,775	12,737,055
1.2. Institutionalizing Industrial Links		1,395,237	275,258
1.3. Developing Market Relevant & Competency Based Training Programs		4,257,610	201,349
1.4. Training of TVET Managers & Teachers/Trainers			
1.5. Provision of Key Training Facilities & Equipment		231,310,772	120,355,295
1.6. Outreach & Support for non-Project national TVET Institutions			<u>2,096,719</u>
<b>TOTAL USES</b>		<u><b>328,908,394</b></u>	<u><b>135,665,676</b></u>
<b>EXCESS /(UNDER) OF SOURCES OVER USES</b>		<u><b>46,868,392</b></u>	<u><b>76,169,631</b></u>



6.3 STATEMENT OF FUND BALANCE

**KOMBOLCHA POLYTECHNIC COLLEGE  
EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION  
PROJECT  
STATEMENT OF FUND BALANCE  
AS AT 7 JULY 2025**

CURRENCY: ETB

Balance at 08 July 2023	172,489,520
Deficit for the year ended 07 July 2024	76,169,631
Balance at 07 July 2024	248,659,151
Surplus for the Year ended 07 July 2025	46,868,399
Balance at 07 July 2025	<u>295,527,550</u>



**6.4 STATEMENT OF DESIGNATED ACCOUNT**

**KOMBOLCHA POLYTECHNIC COLLEGE  
EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL  
INTEGRATION PROJECT  
DESIGNATED ACCOUNT STATEMENT  
AS AT 7 JULY 2025**

**IDA Credit**

<b>Account No.</b>	0102401300004
Depository Bank	National Bank of Ethiopia
Related Credit and Grant	Credit No. 6335-ET and Grant No. D395-ET
Address	Addis Ababa, Ethiopia
Currency	USD

	<u>Date</u>	<u>Exchange rate</u>	<u>USD</u>	<u>Birr</u>
Balance brought forward		57.3701	2,878,190	165,122,032
Add: - IDA Credit	12-Feb-25	125.6780	1,056,232	132,745,069
	17-Mar-25	128.9322	<u>1,356,745</u>	<u>174,928,136</u>
			<u>5,291,167</u>	<u>472,795,236</u>
Less: Transferred to Birr account				
		57.4234	606,000	34,798,580
		107.3042	40,400	4,335,090
		110.2896	14,140	1,559,495
		110.2896	14,140	1,559,495
		116.8469	60,600	7,080,922
		58.0470	159,580	9,263,145
		74.3940	443,294	32,978,414
		105.0843	478,583	50,291,513
		117.4475	113,120	13,285,661
		122.6389	40,400	4,954,612
		124.3067	30,300	3,766,493
		124.6647	40,400	5,036,454
		125.7726	60,888	7,658,086
		121.3235	9,742	1,181,988
		117.7263	145,044	17,075,517
		125.2610	111,100	13,916,497
		126.5132	83,376	10,548,101
		128.9322	167,660	21,616,773



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	125.2955	8,100	1,014,894
	125.2610	131,239	16,439,121
	130.2279	114,130	14,862,910
	132.8845	279,770	37,177,097
	135.0973	76,255	10,301,845
	135.4444	56,111	7,599,860
	135.4444	11,222	1,519,972
	135.4444	11,222	1,519,972
	130.2279	133,320	17,362,010
	135.0973	80,260	10,842,950
		<u>3,520,396</u>	<u>359,547,466</u>
Add: - Gain on exchange		-	126,593,115
Balance carried forward		<u>1,770,771</u>	<u>239,840,886</u>



## 7. NOTE TO THE FINANCIAL STATEMENTS

### **KOMBOLCHA POLYTECHNIC COLLEGE EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT NOTES TO THE ACCOUNT AS AT 7 JULY 2025**

#### **Note 1: Background**

The project development objective of EASTRIP is to increase the access and improve the quality of TVET programs in selected regional flagship TVET Institutions and to support regional integration in East Africa. The project was approved on October 30, 2018 and was expected to close on December 31, 2024. The project was approved as an IDA Credit and Grant to the amount of USD 293 million - equivalent to the three participating countries of Ethiopia, Kenya and Tanzania for the implementation of the East Africa Skills for Transformation and Regional Integration Project (EASTRIP) and for Coordination of the project activities by Inter - University Council of East Africa.

The Financial Agreement has been signed by the Government of Ethiopia and the World Bank on November 2, 2018. The Project became effective on 23rd May 2019. Per letter no. I.F.D.R.E 4/2/667 written by the Federal Democratic Republic of Ethiopia, Ministry of Finance to the World Bank, the project has been extended for 24 months until 31 December 2026.

The project fund comes from the recipient of US\$ 75 Million grant from IDA and borrower of US\$ 75 million credit from the World Bank. The total project cost is estimated at US\$150 million.

Following the government's recommendation and after passing thorough selection process, Kombolcha Polytechnic College was selected to be one of the beneficiaries of the World Bank financed East Africa Skills for Transformation and Regional integration Project (EASTRIP) as a regional flagship institute in the field of transport that focuses to the automotive sub-sector.

#### **Note 2: Significant Accounting Policies**

The principal accounting policies adopted by the Project, are stated below.

##### a) Basis of Preparation

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

##### b) Currency



These financial statements are presented in Birr. Transactions in foreign currency are translated into Birr at the approximate rate of exchange prevailing at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Birr at the exchange rate ruling at the date of the balance sheet.

**3: Cash on hand and at bank**

	<u>2025</u>	<u>2024</u>
National Bank of Ethiopia, DA Account No. 102401300002	239,840,888	165,122,032
National Bank of Ethiopia, Birr Account No. 102401040003	2,338,354	2,594,674
Cash on Hand	96,117	23,565
	<u><u>242,275,358</u></u>	<u><u>167,740,271</u></u>

**4. OTHER RECEIVABLE**

	<u>2025</u>	<u>2024</u>
Advance to construction	72,650,391	92,627,155
Receivable from Employee	2,068,686	878,097
Advance to Supplier	2,730,369	1,587,245
	<u>77,449,445</u>	<u>95,092,497</u>

**5. OTHER PAYABLE**

	<u>2025</u>	<u>2024</u>
Payable to Contractor	11,752,787	12,286,267
Retention	10,592,352	1,850,341
VAT Payable	1,615,045	26,220
Withholding Payable	237,069	10,784
	<u><u>24,197,253</u></u>	<u><u>14,173,612</u></u>

**6. FUND BALANCE**

	<u>2025</u>	<u>2024</u>
<b>Balance brought forward</b>	248,659,155	172,489,520
Add: Excess of source over uses	46,868,399	76,169,635
<b>Balance carried forward</b>	<u>295,527,554</u>	<u>248,659,155</u>

**7. SOURCES OF FUNDS**

	<u>Date</u>	<u>USD</u>	<u>Exc. Rate</u>	<u>2025</u>	<u>2024</u>
IDA D395-ET Grant	12-Feb-25	1,056,232	125.678	132,745,069	183,466,651
IDA D395-ET Grant	17-Mar-25	1,356,745	128.9322	174,928,136	22,727,741
				<u><u>307,673,204</u></u>	<u><u>206,194,392</u></u>



8. Annexes

Annexes 1: Budget Vs Actual Report

Budget Utilization Report

Project Component	Planned	Actual	Budget Variance	Utilization
	Budget	/Utilization		%age
Sub Component 1.1: Strengthening governance and management	16,826,769	91,944,775	(75,118,006)	546%
Sub Component 1.2: Institutionalizing industrial links	1,772,698	1,395,237	377,461	79%
Sub Component 1.3: Developing market relevant and competency-based training programs	4,724,926	4,257,610	467,316	90%
Sub Component 1.4: Training of TVET managers and teachers/trainers	1,958,630	-	1,958,630	0%
Sub Component 1.5: Provision of key training facilities and equipment	491,101,446	231,310,772	259,790,674	47%
1.6.Outreach Support for non-National TVET Institution	-	-	-	0%
	<b>516,384,468</b>	<b>328,908,394</b>	<b>187,476,074</b>	<b>64%</b>





**Annexes 2: Fixed Asset Register**

Qty Ordered			Name of Supplier	Stock Movement			Ref.	Purchasing Date	Price in ETB			
S.No	Item.	Specification		Qty In	Qty Out	Balance	No.-GRN		Unit Price	VAT	Unit Price Including VAT	Total Amount
1	Managerial table	EBY-I09/160*80*76cm size/	FAM YES INTERNATI ONAL TRADING	6	6	-	091611	05/05/13	12,347	1,852	14,199	85,194
2	Book Shelf 3DR	EBY-I02/200*120*40cm Size/	FAM YES INTERNATI ONAL TRADING	8	8	-	091611	05/05/13	8,000	1,200	9,200	73,600
3	Coffee Table	B1.9- /120*60*45cm Size/	FAM YES INTERNATI ONAL TRADING	5	5	-	091612	05/05/13	2,679	402	3,081	15,404
4	Laptop	HP CORE i7	FAM YES INTERNATI ONAL TRADING	11	11	-	091613	11/06/13	43,120	6,468	49,588	545,468
5	Mobile Wifi	HUAWEI	Ethio tele com.	6	6	-	091614	12/06/13	2,613	392	3,005	18,030
6	Toyota Land Cruiser Hardtop	Plate No. 4-07653AM	WB	1	1	-	091632	10/06/14	3,455,636	518,345	3,973,982	3,973,982
		Cubic Capacity 4164								-		
		Chassis No. JTEEB71J 10F012294								-		
		Engine No. 1HZ-0974562								-		
		Year of Manu. 2021								-		
7	Toyota Coaster Bus	Plate No. 4-07684AM	WB	1	1	-	091633	10/08/14	8,328,120	1,249,218	9,537,338	9,577,338
		Cubic Capacity 4164								-		
		Chassis No. JTGFB186 06010971								-		
		Engine No. 1HZ-0977586								-		



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		Year of Manu. 2021										
8	Toyota Pick up	Plate No. 4-05918AM	WB	1	1	-						
		Cubic Capacity 2393										
		Chassis No. AHTKB8 CD302979 911										
		Engine No. 2GD-4889486										
		Year of Manu. 2020										
9	Mobile Wifi	HUAWEI	Ethio tele com.	3	3	-	091635	10/6/14	2,735	410	3,145	9,435
10	Printer	Laser Jet Pro M404dn	AHMU COMPUTER PLC	15	15	-	091638	05/07/14	30,434	4,565	34,999	524,987
11	Photocopy Machine	Canon 2425	AHMU COMPUTER PLC	1	1	-	091650	11/08/14	120,000	18,000	138,000	138,000
12	Color Printer	Epson L3150	AHMU COMPUTER PLC	2	2	-	091650	11/08/14	35,000	5,250	40,250	80,500
13	Scanner	Scanjet pro 2500 f1	AHMU COMPUTER PLC	3	3	-	091650	11/08/14	34,000	5,100	39,100	117,300
14	Laptop	CORE i5	AHMU COMPUTER PLC	2	2	-	0917602	12/08/14	66,087	9,913	76,000	152,000
15	Mobile WIFI Apparatus /Modem	ZTE	Ethio tele com.	2	2	-	0917617	20/10/14	2,996	449	3,445	6,890
16	Mobile WIFI Apparatus /Modem	ZTE	Ethio tele com.	1	1	-	0917632	14/02/15	3,087	463	3,550	3,550
17	Laptop	HP Core i7*360	AHMU COMPUTER PLC	3	3	-	742636	30/5/16	104,348	15,652	120,000	360,000
18	Digital Video Camera 5D	SD	AHMU COMPUTER PLC	1	1	-	742641	18/6/16	209,131	31,370	240,500	240,500
19	camera stand	PLC6304	AHMU COMPUTER PLC	1	1	-	742641	18/6/16	32,609	4,891	37,500	37,500



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20	MIC	NIC Boye	AHMU COMPUTER PLC	1	1	-	74264 1	18/6/16	31,739	4,761	36,500	36,500
21	WIFI Apparatus /Modem	ZTE	Ethio tele com.	1	1	-	74264 7	13/7/16	9,675	1,451	11,126	11,126
22	ICT Infrastruc ture		UNISITS TECHNOLO GY CO.LTD	1	1	-	91748 6/87/8 8	23/06/16	28,676,882	4,301,532	32,978,514	32,978,414
23	Laptop	HP Core i7	AHMU COMPUTER PLC	2	2	-	74293 8	30/11/16	104,348	15,652	120,000	239,999
24	LCD Projector		AHMU COMPUTER PLC	1	1	-	74293 8	30/11/16	73,413	11,012	84,425	84,425
25	Laptop	HP Core i7	AHMU COMPUTER PLC	1	1	-	74294 5	6/12/16	117,391	17,609	135,000	135,000
26	WIFI Apparatus /Modem	Huawi E5785	Ethio tele com.	1	1	-	74294 6	7/12/16	6,972	1,046	8,017	8,017
27	Laptop	HP Core i7	AH-MU Computer PLC	2	2	-	74300 1	13/12/16	117,391	17,609	135,000	270,000
28	Laptop	HP Core i7	AH-MU Computer PLC	1	1	-	74300 6	21/12/16	117,391	17,609	135,000	135,000
29	WIFI Apparatus /Modem	Huawi	Ethio tele com.	1	1	-	74308 4	13/3/201 7	6,972	1,046	8,017	8,017
30	TV	LED 43 inch	Mohammed Worku	2	2	-	74828 3	20/9/201 7	31,304	4,696	36,000	72,000
31	TV Stand	Flexible	Mohammed Worku	2	2	-	74828 4	20/9/201 7	3,000	450	3,450	6,900
32	LCD PROJEC TOR			15	15	-	74845 5	17/7/17	138,750	20,813	159,563	2,393,438
33	Laptop	HP Core i7		20	20	-	74845 5	17/7/17	141,450	21,218	162,668	3,253,350
34	Desktop computer	Dell core i5	Pro Ramanet	80	80	-	74845 2	17/07/17	135,000	20,250	155,250	12,420,000
35	Yamaha Amplifire		Pro Ramanet	1	1	-	74845 3	17/7/17	55,000	8,250	63,250	63,250
36	Speaker		Pro Ramanet	1	1	-	74845 3	17/7/17	18,000	2,700	20,700	20,700
37	CCTV Security Camera		Pro Ramanet	6	6	-	74845 3	17/07/17	17,800	2,670	20,470	122,820
38	Photo copy machine	2425	Pro Ramanet	4	4	-	74845 3	17/7/17	126,300	18,945	145,245	580,980
39	Photo copy machine	24251	Pro Ramanet	1	1	-	74845 3	17/07/17	330,000	49,500	379,500	379,500



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	Heavy duty											
40	Scanner	HP Scanjetpro 2600	Pro Ramanet	4	4	-	74845 3	17/7/17	78,000	11,700	89,700	358,800
41	Color Printer	EPSON LL3250	Soli Computer	4	4	-	74845 3	17/07/17	48,000	7,200	55,200	220,800
42	Outdoor Horn Speaker		Soli Computer	5	5	-	74845 3	17/7/17	18,000	2,700	20,700	103,500
43	Amplifire for a speaker		Soli Computer	1	1	-	74845 3	17/07/17	55,000	8,250	63,250	63,250
44	Receiver for CCTV Security Camera		Soli Computer	1	1	-	74845 3	17/7/17	54,000	8,100	62,100	62,100
45	Binding Machine		Soli Computer	4	4	-	74845 3	17/07/17	45,000	6,750	51,750	207,000
46	Security Camera		Soli Computer	2	2	-	74845 4	17/7/17	17,500	2,625	20,125	40,250
47	LCD Projector		Soli Computer	15	15	-	74845 5	17/7/17	138,750	20,813	159,563	2,393,438
48	Laptop	core i7	Soli Computer	20	20	-	74845 5	17/7/17	141,450	21,218	162,668	3,253,350
49	External Hard disk		Soli Computer	15	15	-	74845 5	17/07/17	15,500	2,325	17,825	267,375
50	Office Shelf	3 door	FAM YES INTERNATIONAL TRADING	4	4	-	74845 6	23/7/17	34,500	5,175	39,675	158,700
51	Office Shelf	4 door	FAM YES INTERNATIONAL TRADING	1	1	-	74845 7	25/7/2017	34,500	5,175	39,675	39,675
52	Office Shelf	5 door	FAM YES INTERNATIONAL TRADING	4	4	-	74845 9	05/09/2017	34,500	5,175	39,675	158,700
53	Tablet	samsug galaxy	Ethio tele com.	1	1	-	74846 0	12/10/2017	205,970	30,895	236,865	236,865
54	Water Tanker	Super		1	1	-	74846 1	30/10/17	25,096	3,764	28,860	28,860
<b>TOTAL</b>											<b>76,771,777</b>	

