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Authorized Accountants and Auditors
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INDEPENDENT AUDITOR’S REPORT ON THE FINANCIAL STATEMENTS OF MINISTRY OF MINES, PETROLEUM AND NATURAL GAS ETHIOPIAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE TECHNICAL SUPPORT GRANT II (EEITI-GII) GRANT NUMBER- TF A3949

Opinion

We have audited the accompanying financial statements of Ministry of Mines, Petroleum and Natural Gas- Ethiopian Extractive Industries Transparency Initiative Technical Support Grant II (EEITI-GII) for the year ended 07 July 2019.

In our opinion, the financial statements give a true and fair view of the financial position of Ministry of Mines, Petroleum and Natural Gas- Ethiopian Extractive Industries Transparency Initiative Technical Support Grant II (EEITI-GII) as at 07 July 2019 and of its sources and uses of funds for the year ended 07 July 2019 in accordance with the accounting policy of the Project and are in agreement with the records maintained by the Project.

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 Project 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.

Responsibilities of the Management for the Project Report

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting policies of the Project, and for such internal control as management determines is necessary to enable the preparation of a project report that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization’s ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization’s financial reporting process



Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Office report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. We describe these, matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yeheyis Bekele, BA FCCA.



Addis Ababa
05 February 2020

MINISTRY OF MINES, PETROLEUM AND NATURAL GAS
 ETHIOPIAN EXTRACTIVE TRANSPARENCY INITIATIVE TECHNICAL
 SUPPORT GRANT II (EEITI-GII)
 BALANCE SHEET
 AS AT 07 JULY 2019

	<u>Notes</u>	<u>Birr</u>	<u>Birr</u> <u>7 July 2018</u>
CURRENT ASSETS			
Debtors and Prepayments		3,975.65	-
Cash on Hand and at Bank	3	<u>310,730.02</u>	<u>980,126.09</u>
		314,705.67	980,126.09
CURRENT LIABILITIES			
Creditors	4	<u>2,756.04</u>	<u>868,977.21</u>
NET CURRENT ASSETS		<u>311,949.63</u>	<u>111,148.88</u>
REPRESENTED BY:			
FUND BALANCE	5	<u>311,949.63</u>	<u>111,148.88</u>



**MINISTRY OF MINES, PETROLEUM AND NATURAL GAS
ETHIOPIAN EXTRACTIVE TRANSPARENCY INITIATIVE
TECHNICAL SUPPORT GRANT II (EEITI-GII)
GRANT NUMBER- TF A3949**

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 7 JULY 2019

1. BACKGROUND OF THE GRANT

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. It has a robust yet flexible methodology for disclosing and reconciling company payments and Government revenues in implementing countries.

EITI Grant II donated by the World Bank for the implementation of Ethiopian Extractive Industries Transparency Initiative (EEITI) was aimed to support the effort required towards transparency & accountability on oil, gas and mining by both Government and Companies to disclose any payments made and revenues received by the respective entities; so that the figures are reconciled by an Independent Administrator, and published in annual EITI Reports alongside contextual and other information about the extractive sector.

The other objective of the grant is to maximize the engagements of the multi-stakeholder groups represented from Government, companies and civil society and establish a system to oversee the process and communicate the findings of the report, and promote the result & integrate into broader transparency efforts in the country.

The EITI Standard encourages high standards of transparency and accountability in public life, Government operations and in business.



**MINISTRY OF MINES, PETROLEUM AND NATURAL GAS
ETHIOPIAN EXTRACTIVE TRANSPARENCY INITIATIVE
TECHNICAL SUPPORT GRANT II (EEITI-GII)
GRANT NUMBER- TF A3949
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 7 JULY 2019**

2. ACCOUNTING POLICIES

The principal accounting policies adopted by the Project are set out below.

Basis of Accounting

Modified cash basis of accounting is used in the recognition of sources and uses of fund.

Expenditures of Capital nature

Expenditures of capital nature are directly charged to project expense upon purchase.

Stocks

Stocks are expensed when they are purchased or aided by donors.

Foreign Currency Translation

Cash receipts and payments arising from transactions in a foreign currency are recorded in the financial statements using the actual rate of exchange prevailing on the date of the transactions.

Currency

The reporting currency for the Project Financial Statements is Ethiopian Birr.



MINISTRY OF MINES, PETROLEUM AND NATURAL GAS
 ETHIOPIAN EXTRACTIVE TRANSPARENCY INITIATIVE TECHNICAL
 SUPPORT GRANT II (EEITI-GII)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JULY 07, 2019

3. CASH ON HAND AND AT BANK

	<u>Birr</u>	<u>Birr</u> <u>7 July 2018</u>
Cash at bank- NBE Birr A/C No. 0100741040023	310,730.02	980,126.09
Cash at bank- NBE USD A/C No. 0100741300039	-	-
	<u>310,730.02</u>	<u>980,126.09</u>

4. CREDITORS

Withholding Tax Payable	324.24	-
Salary pension Contribution	-	10,800.00
VAT Payable	2,431.80	858,177.21
	<u>2,756.04</u>	<u>868,977.21</u>

5. FUND BALANCE

	<u>Birr</u>	
Opening Balance	111,148.88	-
VAT payable written-back	858,177.21	-
Excess of Sources over Uses	- 657,376.46	111,148.88
	<u>311,949.63</u>	<u>111,148.88</u>



MINISTRY OF MINES, PETROLEUM AND NATURAL GAS
 ETHIOPIAN EXTRACTIVE TRANSPARENCY INITIATIVE TECHNICAL
 SUPPORT GRANT II (EEITI-GII)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JULY 07, 2019

	<u>Birr</u>	<u>Birr</u> <u>7 July 2018</u>
USES OF FUNDS		
6. Communication & Dissemination Campaign		
Produce/publish/print two EITI Report, three Study based document, one simplified version of the report	289,949.50	27,499.95
	<u>289,949.50</u>	<u>27,499.95</u>
7. EEITI Implementation Report Preparation		
Produce two EEITI reconciliation report for the year 2014/15/ & 2015/16 & one document on company contribution to the local community development	-	6,579,358.63
	<u>-</u>	<u>6,579,358.63</u>
8. Operational Support/Grant administration		
Finance officer salary	61,050.00	66,600.00
Conduct ENSC meeting every month	279,505.92	21,153.01
	<u>340,555.92</u>	<u>87,753.01</u>
9. Administration cost		
Fuel	2,184.00	-
Transportation cost (car rental) & other costs	134,839.60	4,496.95
	<u>137,023.60</u>	<u>4,496.95</u>

