

The logo consists of the letters 'TAY' in a serif font, centered within a grey rectangular box with a thin white border.The logo consists of the letters 'TAY' in a serif font, centered within a grey rectangular box with a thin white border.

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

**MINISTRY OF INNOVATION AND TECHNOLOGY
ETHIOPIA DIGITAL FOUNDATION PROJECT P 171034**

AS AT AND FOR THE YEAR ENDED 07 JULY 2023

TAY

Authorized Accountants & Auditors

Addis Ababa, Ethiopia

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TAY

Authorized Accountants and Auditors
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INDEPENDENT AUDITOR’S REPORT MINISTRY OF INNOVATION AND TECHNOLOGY ETHIOPIA DIGITAL FOUNDATION PROJECT P 171034

Qualified Opinion

We have audited the financial statements of Ministry of Innovation and Technology Ethiopia Digital Foundation Project P 171034 which comprise the statement of the financial position as at 07 July 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter stated in the Basis for Qualified Opinion Paragraph, the financial position of the Company as at 07 July 2023 and its financial performance for the year then ended in accordance with the Ethiopian government’s manual of the federal accounting system which is based on the modified cash bases of accounting as described in the note 2 of the financial statements.

Basis for Qualified Opinion

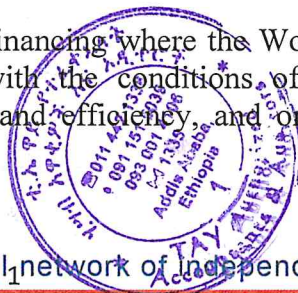
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the minster office in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accounts (IESBA Code) together with the ethical requirement 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 qualified opinion.

- We noted the discrepancies between the last year Audit report balance and that of the brought in to the books of the organization books of accounts .As a result both cash at bank and payable Balance is under stated and the fund balance is over stated by Birr 26,043,197.17 , 32,776,139.81 and 6,732,942.64 respectively.

Reports on other requirements

As required by the term of reference for the financial audit and the world bank guidelines we report that to the extent we can asses

A) World Bank financing (and all external financing where the World Bank is not the only financier) has been used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided



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B) 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 they were provided

C) Goods works and services financed have been procured in accordance with relevant financing agreements, including specific provisions of the World Bank Procurement Framework.

D) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Interim Unaudited Financial Report (IFR) methods of reporting. The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account,

E) 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 purpose intended in the financing agreement,

F) National laws and regulations have been complied with, and the financial and accounting procedures approved for the project (e.g. operational manual, financial procedures manual, etc.) were followed and used;

G) Financial performance of the project is satisfactory,

H) Assets procured from project funds exist and there is verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement,

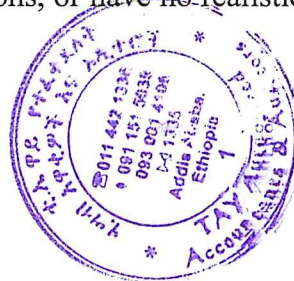
Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of the Management and those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with Ethiopian government’s manual of the federal accounting system which is based on the modified cash bases of accounting system 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 Company’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 company or to cease operations, or have no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the project 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 reasonably 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 FCCA, BA

YB

TAY Authorized
Accountants & Auditors



Addis Ababa
December 07, 2023

**MINISTRY OF INNOVATION AND TECHNOLOGY
ETHIOPIAN DIGITAL FOUNDATION PROJECT P 171034
BALANCE SHEET
FOR THE YEAR ENDED 7, JULY 2023**

DESCRIPTIONS	NOTE	Currency ETB	
		JULY 7 2023	JULY 7 ,2022
Asset			
Cash at bank-	3	1,526,638,283.72	440,710,646.59
Account receivable	4	150,808,566.25	3,650.00
TOTAL Asset		<u>1,677,446,849.97</u>	<u>440,714,296.59</u>
Liability			
Less: Account payable	5	10,338,490.96	33,220,030.91
TOTOAL LIABILTIY		<u>10,338,490.96</u>	<u>33,220,030.91</u>
FUND BALANCE			
Begning fund balance		407,494,265.68	140,592,479.00
Excess of receipt over expenditures (Income Less expenditures)		1,259,614,093.33	266,901,786.68
Opening balance difference		-	-
TOTAL FUND BALANCE	5	<u>1,667,108,359.01</u>	<u>407,494,265.68</u>
TOTAL LIABILTY AND FUND BALANCE		<u>1,677,446,849.97</u>	<u>440,714,296.59</u>

Prepared By _____

Signature _____

Date _____



MINISTRY OF INNOVATION AND TECHNOLOGY
ETHIOPIA DIGITAL FOUNDATION PROJECT
CONSOLIDATED-STATEMENT OF SOURCE AND USE OF FUNDS
FOR THE QUARTER ENDING JULY 7,2023

DESCRIPTIONS	July 7 2023	Currency ETB July 7 2022
RECEIPTS:		
IDA	1,557,300,566.12	438,348,977.51
Direct Payment	-	42,728,369.43
Special Comittiment	-	-
Reimbursement	-	-
Other Income	-	-
TOTAL RECEIPT	<u>1,557,300,566.12</u>	<u>481,077,346.94</u>
PROJECT EXPENDITURES BY COMPONENT		
Component 1: Digital economy, enabling legal and regulatory environment		
Sub-Component 1.1: Partial privatization of Ethio Telecom	73,861,660.25	175,957,144.58
Sub-component 1.2: Strengthening independent ICT sector regulation	94,677,601.75	-
Sub-component 1.3: Supporting the development of the digital economy	73,991,998.27	2,487,280.95
Sub Total	<u>242,531,260.27</u>	<u>178,444,425.53</u>
Component 2: Digital government and connectivity		
Sub-component 2.1: Digital government and COVID-19 response	67,517,576.63	-
Sub-component 2.2: Connecting targeted public institutions to broadband	-	-
Sub-component 2.3: Connecting selected educational institutions to broadband	9,587,034.58	44,156,351.82
Sub Total	<u>77,104,611.21</u>	<u>44,156,351.82</u>
Component 3 – Digital business and entrepreneurship		
Subcomponent 3.1 Grants to digital start-ups and digital businesses.	-	-
Sub-component 3.2 Technical assistance to the MInT	284,602.21	368,550.00
Sub Total	<u>284,602.21</u>	<u>368,550.00</u>
Component 4: Project management		
Hire external Auditor for the annual audit		
Salary and other operation expenses of PIU staff	16,639,138.03	11,906,798.90
Sub Total	<u>16,639,138.03</u>	<u>11,906,798.90</u>
TOTAL EXPENDITURE FOR THE PERIOD (Sum of Component 1,2,3 & 4)	<u>336,559,611.72</u>	<u>234,876,126.25</u>
EXCESS OF RECEIPT OVER EXPENDITURES (Income Less expenditure)	<u>1,220,740,954.40</u>	<u>246,201,220.69</u>
ADD: FOREIGN EXCHANGE DIFFERENCE Gain/Loss	<u>38,873,138.93</u>	<u>20,092,448.71</u>
NET EXCESS OF RECIPT OVER EXPENDITURE	<u>1,259,614,093.33</u>	<u>266,293,669.40</u>

Prepared By _____

Signature _____

Date _____



Approved By _____

Signature _____

Date _____

MINISTRY OF INNOVATION AND TECHNOLOGY
ETHIOPIA DIGITAL FOUNDATIONS PROJECT
STATEMENT OF DESIGNATED ACCOUNT, ACCOUNT NO:0102291300002
FOR THE QUARTER ENDED JULY 7,2023

Descriptions	USD	Exchange Rate	BIRR
Opening Bank Balance	5,258,160.65	52.0297	273,580,521.17
Add :Receipt			
- Credit fund Received on....	11,502,168.00	52.5772	604,751,787.37
- Credit fund Received on....	17,456,498.96	54.5670	952,548,778.75
Total Fund Received	28,958,666.96	-	1,557,300,566.12
Total Fund Available	34,216,827.61	-	1,830,881,087.29
Consultant Payment Mr. Kennedy	12,859.60	52.6504	677,063.08
Transfer from NBE USD Account to ETB Account	200,000.00	52.5531	10,510,620.00
Bank Service Charge	2,000.00	52.5531	105,106.20
Transfer from NBE USD Account to ETB Account	200,000.00	52.9343	10,586,860.00
Bank Service Charge	2,000.00	52.9343	105,868.60
LC Payment	347,741.96	53.6082	18,641,820.54
LC Payment	644,235.09	53.6629	34,571,523.21
Transfer from NBE USD Account to ETB Account	1,000,000.00	53.1422	53,142,200.00
Bank Service Charge	10,000.00	53.1422	531,422.00
Consultant Payment Mr. Kennedy	44,989.45	53.6736	2,414,745.74
LC Payment	155,673.85	53.8440	8,382,102.78
DETECON INTERNATIONAL	51,699.89	53.8721	2,785,181.64
LC Payment	68,849.00	54.0226	3,719,401.99
Transfer from NBE USD Account to ETB Account	1,000,000.00	53.6376	53,637,600.00
Bank Service Charge	10,000.00	53.6376	536,376.00
LC Payment	388,427.36	54.3346	21,105,045.23
Mr Benoti	367.31	54.7211	20,099.61
Bank Service Charge	20.00	54.7387	1,094.77
Consultant Payment Mr. Kennedy	25,711.30	54.7589	1,407,922.51
LC Payment	1,187,769.77	54.8263	65,121,021.74
Transfer from NBE USD Account to ETB Account	1,000,000.00	54.3579	54,357,900.00
Bank Service Charge	10,000.00	54.3579	543,579.00
Consultant Payment Mr. Kennedy	19,285.28	54.9300	1,059,340.43
INCERT G.I.E	18,367.28	54.9300	1,008,914.69
Consultant Payment Mr. Kennedy	25,711.28	54.9300	1,412,320.61
LC Payment	248,801.57	54.9745	13,677,741.91
LC Payment	20,748.79	54.9745	1,140,654.36
LC Payment	497,046.28	54.9745	27,324,870.72
LC Payment	332,077.25	55.1734	18,321,830.95
Sub total	7,524,382.31	-	406,850,228.31
Closing Balance	26,692,445.30	-	1,424,030,858.98
Closing Bank Balance at the rate of quarter end	26,692,445.30	54.6369	1,458,392,464.61
Add: Gain or (Loss) on foreign exchange			34,361,605.63



Prepared By _____

Approved By _____

Signature _____

Signature _____

Date _____

Date _____

MINISTRY OF INNOVATION AND TECHNOLOGY
 ETHIOPIA DIGITAL FOUNDATIONS PROJECT
 STATEMENT OF DESIGNATED ACCOUNT, ACCOUNT NO:0102291300002
 FOR THE QUARTER ENDED JULY 7,2023

ACCOUNT NUMBER 0100101300578

Descriptions	USD	Exchange Rate	BIRR
Opening Bank Balance	843,408.57	52.0297	43,882,294.87
Add :Receipt			
- Credit fund Received on....	-	-	-
- Credit fund Received on....	-	-	-
Total Fund Received	-	-	-
Total Fund Available	843,408.57	-	43,882,294.87
Transfer to Birr Account (24-OCT- 2022)	100,000.00	52.8069	5,280,690.00
Transfer to Birr Account (15-MAY- 2023)	200,000.00	54.2297	10,845,940.00
Sub total	300,000.00		16,126,630.00
Closing Balance	543,408.57		27,755,664.87
Closing Bank Balance at the rate of quarter end	543,408.57	54.6369	29,690,159.70
Add: Gain or (Loss) on foreign exchange			1,934,494.82

Prepared By _____

Approved By _____

Signature _____

Signature _____

Date _____

Date _____



MINISTRY OF INNOVATION AND TECHNOLOGY
 ETHIOPIA DIGITAL FOUNDATIONS PROJECT
 STATEMENT OF DESIGNATED ACCOUNT, ACCOUNT NO:0100101300593
 FOR THE QUARTER ENDED JULY 7,2023

Descriptions	USD	Exchange Rate	BIRR
Opening Bank Balance	2,026,705.26	52.0297	106,503,361.41
Add :Receipt			
- Credit fund Received on....			-
- Credit fund Received on....			-
Total Fund Recived	-		-
Total Fund Avilable	2,026,705.26		106,503,361.41
Consultant Payment A and Communication LTD	21,445.89	53.1323	1,139,469.46
Consultant Payment A and Communication LTD	42,846.36	54.2955	2,326,364.54
Anjarwalla And Khanna LLP	70,970.97	54.2955	3,853,404.30
Deloitte Consulting LTD	322,199.83	54.5698	17,582,380.28
MoF Finance and Procurement	553,869.00	52.1213	28,868,372.31
Deloitte Consulting LTD	785,913.63	54.5698	42,887,149.61
Sub total	1,797,245.68		96,657,140.50
Closing Balance	229,459.58		9,846,220.91
Closing Bank Balance at the rate of quarter end	229,459.58	54.6369	12,536,960.13
Add: Gain or (Loss) on foreign exchange			2,690,739.22

Prepared By _____

Approved By _____

Signature _____

Signature _____

Date _____

Date _____



MINISTRY OF INNOVATION AND TECHNOLOGY
ETHIOPIAN DIGITAL FOUNDATION PROJECT P 171034
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 7, JULY 2023

1. BACKGROUND

The Ministry of Innovation and Technology (MinT) (formerly known as the Ministry of Science and Technology (MoST), Ministry of Communication & Information Technology, Ministry of Science and Technology) is an Ethiopian government agency responsible for science and technological development in Ethiopia as well as a governing body of communications. It was established as a commission in December 1975 by directive No.62/1975

PROJECT INFORMATION

The Ethiopia Digital Foundations Project aims to increase the inclusiveness and affordability of digital services and digital job creation in Ethiopia. Under the project, there are three components designed to enhance the component 1. country's digital economy, enabling legal and regulatory environment. component 2. digital government & connectivity, seeks to assist Ethiopia in extending affordable broadband access to all firms citizens and government entities by 2030 and doubling broadband penetration by 2011. component 3. digital entrepreneurship. it aims to build a health pipeline of digital entrepreneurs in Ethiopia.

2. ACCOUNTING POLICIES

The principal accounting policies adopted by the project are stated hereunder.

a) BASES OF PREPARATION.

These statements have been prepared in accordance with Ethiopian Government manual of federal accounting system which is based on the modified cash bases of accounting.

b) currency

These financial statements are prepared in Ethiopian birr. Transactions at foreign currency are translated to birr at approximate rate of exchange at the date of transaction. Assets and liabilities denominated at foreign currency are translated to birr at exchange rate at the date of balance sheet.

c) Fixed assets are directly expensed upon purchase



MINISTRY OF INNOVATION AND TECHNOLOGY
ETHIOPIAN DIGITAL FOUNDATION PROJECT P 171034
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 7, JULY 2023

3. CASH AT BANK

Descriptions	Balance 2023	2022
Cash at bank in USD Designated account 0102291300002	1,458,392,464.61	273,580,521.20
Cash at bank NBE-ETB 0102291040005	8,482,941.73	8,382,835.59
Cash at bank CBE-ETB 1000438151088	3,779,498.37	773,583.32
Sub total MInT	<u>1,470,654,904.71</u>	<u>282,736,940.11</u>
Cash at bank MOE 0100061040272	1,965,680.84	4,734,129.57
Cash at bank ECA	2,904,790.29	
Cash at bank MOF USD Designated 0100101300578	29,690,159.70	43,882,294.87
Cash at bank MOF birr account 0100101040708	7,914,314.24	108,755,078.62
Cash at bank MOF birr account 0100101040707	971,474.36	6,110.66
Cash at bank MOF USD pool account 0100101300593	12,536,959.58	596,092.76
Sub total others	<u>55,983,379.01</u>	<u>157,973,706.48</u>
GRAND TOTAL	<u>1,526,638,283.72</u>	<u>440,710,646.59</u>

4. ACCOUNT RECIVABLES

Descriptions	Balance 2023	2022
TCI International Inc Spectrum	18,321,430.95	-
Mediafon Datapro-Tel.Numbering	3,719,001.99	-
Ethiopian Shiping & Logestics	400,000.00	-
Midwex MEA FZE,UAE-Quality ser	21,104,645.23	-
IE- Infra Str Data Center ECA	79,938,617.79	-
Excelor Holding Group-Off. fur MoF	27,324,870.29	-
	-	3,650.00
Sub total	<u>150,808,566.25</u>	<u>3,650.00</u>
Sundry Debtors		
Grand total	<u>150,808,566.25</u>	<u>3,650.00</u>

5. ACCOUNT PAYABLE

Descriptions	Balance 2023	2022
Other payroll deductions	189,148.76	263,782.05
Pension payable	93,477.60	141,059.33
Vat payable	377,749.40	30,209.79
Withholding tax payable	1,136,744.78	8,839.93
Account payable to suppliers	8,541,370.42	32,776,139.81
Sub total	<u>10,338,490.96</u>	<u>33,220,030.91</u>
sundry creditors		
Grand total	<u>10,338,490.96</u>	<u>33,220,030.91</u>

6. FUND BLANCE

Descriptions	Balance 2023	2022
Fund Balance		
Begning fund balance	407,494,265.68	141,200,596.28
Excess of income over expense	1,259,614,093.33	266,293,669.40
Opening balance difference	-	-
TOTAL FUND BALANCE	<u>1,667,108,359.01</u>	<u>407,494,265.68</u>



Sept.30/2015

NO	Asset ID	Item Description	Date of Purchase	PV no	GRN No	Quantity	Unit Cost	Total cost	Warranty expiration	Location / Initial Custodian
1		Laptop Computer	02/04/2022	pv# 029	469453	6	128,550.00	771,300.00		MInT-PIU
2		Hard disk 1TB	02/04/2022	pv# 030	469452	6	5,200.00	31,200.00		MInT-PIU
3		LCD projector with accessories	02/04/2022	pv# 030	469452	1	56,200.00	56,200.00		MInT-PIU
4		26" Computer screen with accessories	02/04/2022	pv# 030	469452	2	27,650.00	55,300.00		MInT-PIU
5		Wireless Wi-fi Router Access point	02/04/2022	pv# 029	469453	2	4,500.00	9,000.00		MInT-PIU
6		Divider	02/04/2022	pv #034	469451	6	516.67	3,100.00		MInT-PIU
7		Optical Mouse	02/04/2022	pv# 030	469452	6	550.00	3,300.00		MInT-PIU
8		Purchase of 2pcs of 4G Dongle	15/7/2014	pv# 052	469452	2	4,445.00	8,890.00		MInT-PIU
9		Office Book Shelf	23/10/2014	pv# 099	OO29922	1	85,781.00	85,781.00		MOE-EthERnet
10		Modern Sofa	23/10/2014	pv# 100	OO29923	1	185,000.01	185,000.01		MOE-EthERnet
11		Managerial Table L shape	23/10/2014	pv# 100	OO29923	1	56,000.00	56,000.00		MOE-EthERnet
12		High back swivel Chair	15/10/2014	pv# 101	OO29921	1	49,950.00	49,950.00		MOE-EthERnet
13		Coffee Table	15/10/2014	pv# 101	OO29921	1	5,500.00	5,500.00		MOE-EthERnet
14		Chair for state Minister	14/2/2023	pv# 118/2015	GRN 0000003	1	79,999.90	79,999.90		State minister office
15		Laptop Computer	04/05/2023	pv# 140/2015	GRN 0029655	1	180,000.00	180,000.00		MOE-EthERnet
16		Purchase of 2pcs of 4G Dongle	23/5/2023	pv# 177/2015	GRN 469454	9	9,365.00	84,285.01		MInT-PIU
17		External Hard Disk		pv# 212/2015	GRN 0000008	10	14,749.98	147,499.80		MInT-PIU
18		Flash	27/6/2023	pv# 212/2015	GRN 0000008	10	4,500.00	45,000.00		MInT-PIU
19		Laptop Computer	27/6/2023	pv# 213/2015	GRN 0000004	7	197,501.00	1,382,507.00		MInT-PIU
10		Bimetric Kits	07/07/2023		GRN 279927	75	253,426.72	19,007,003.96		National ID Program
TOTAL								22,246,816.68		



No Counted by _____
 1 Hailu Feyera
 Signature _____
 Approved By:- _____

2 Simret Akalu

The logo consists of the letters 'TAY' in a serif font, centered within a grey rectangular box. A thin horizontal line is positioned below the letters.The logo consists of the letters 'TAY' in a serif font, centered within a grey rectangular box. A thin horizontal line is positioned below the letters.

INTERNAL CONTROL MEMORANDUM

**MINISTRY OF INNOVATION AND TECHNOLOGY
ETHIOPIA DIGITAL FOUNDATION PROJECT P 171034**

AS AT AND FOR THE YEAR ENDED 07 JULY 2023

TAY

Authorized Accountants & Auditors

Addis Ababa, Ethiopia

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Authorized Accountants and Auditors
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December 07, 2023

Ministry of Innovation And Technolgy
Ethiopia Digital Foundation Project P 171034
Addis Ababa

Dear Sirs,

MANAGEMENT LETTER

Following our appointment as auditors, we have audited the financial statements of Ministry of Innovation and Technology Ethiopia Digital Foundation Project P 171034 and will issue our reports thereon separately.

The matters referred to in this report came to our notice during the conduct of our normal audit procedures, which are designed primarily to express 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:



1. Observation

We noted the discrepancies between opening balances reported on the last year Audit report and Balance brought to the ledger for below accounts.

	<i>Balance per Audited Report(2022)</i>	<i>Balance per Ledger (Opening)</i>	<i>Difference</i>
<i>Cash at bank</i>			
<i>cash at bank MOF</i>	153,239,576.91	127,196,379.74	26,043,197.17
<i>Account payable</i>	33,220,030.91	443,891.10	32,776,139.81
<i>Fund Balance, July 7,2022</i>	407,494,265.68	414,227,208.32	(6,732,942.64)

Implication

The balance brought to the Current account in relation to the ledger recorded is misstated

Recommendation

The management should record the opening balance per their amount of prior Audited Balance

2. Observation

We Noted difference between balance per report and Balance per Ledger for the below Record

	Balance Per Report	Balance Per Ledger Record	Difference
Cash at bank MOF	51,112,907.88	53,334,722.80	(2,221,814.92)

Implication

Balance receivable from MOF Reported recorded is understated

Recommendation

The management should investigate the cause of the Difference and take corrective action

3. Observation

We Noted the following foreign Exchange gain Difference of between balance per Financial reported and Balance per Statement of Reconcile Balance.

	Balance Per Financial Report	Balance Per Statement of Reconcile Balance	Difference
foreign Exchange Gain/loss	38,873,138.93	38,986,839.68	113,700.75



Implication

Financial Report balance is understated by stated amount.

Recommendation

The management should investigate the cause of the Difference and take corrective action

4. Observation

We have observed that the organization maintains a fixed asset register; however, not all necessary information is included.

Implication

Full information of the assets may have not obtained when needed.

Recommendation

We recommend the existing fixed assets register need to include the following information stated as below.

- Suppliers name
- Supplier invoice
- Identification Number
- Person responsible for the custody
- Other details

Finally, we would like to thank all the staff members and management of Ministry of Innovation and Technology Ethiopia Digital Foundation Project for the support and cooperation accorded to us during the course of our audit.

Yours faithfully,


TAY Authorized
Accountants & Auditors

