

**AUDIT OF FINANCIAL STATEMENTS
FOR THE REVITALISING EDUCATION DEVELOPMENT
IN SIRRA LEONE (REDISL) PROJECT
FOR THE YEAR ENDED 31ST DECEMBER 2018**

WORLD BANK, FREETOWN, SIERRA LEONE



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DATE.....

06/28/2019 *AS*



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GENERAL INFORMATION

Official Address

Revitalizing Education Development in Sierra Leone
(REDiSL) Project
New England Ville, Brookfield's
Freetown

Project Coordinator

Mr. Reginald C. King

Bankers

Sierra Leone Commercial Bank
Siaka Steven Street, Freetown

Auditors

Audit Service Sierra Leone
2nd Floor, Lotto Building
Tower Hill
Freetown
Sierra Leone



STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

It is the responsibility of management to prepare Financial Statements for each financial year which should show a true and fair view of the state of affairs of the Project and of its surplus or deficit for that year. In preparing these Financial Statements the Management is required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the Financial Statement;
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Project will continue its activities

Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Project. They have a general responsibility for such steps as are reasonably available to them to safeguard the assets of the Project and to prevent and detect fraud and other irregularities.

On behalf of Management

.....
Permanent Secretary - Ministry of Education, Science and Technology

.....
Project Coordinator



Audit of the Revitalising Education Development in Sierra Leone performed by the Auditor General

Addressee: *The Project Coordinator*

Date:

Dear Sir

Unqualified Opinion

I have audited the financial statements of the Revitalizing Education Development in Sierra Leone for the period 1st January to 31st. December 2018. These financial statements comprise a *statement of resources and expenditure, statement of comprehensive income, statement of financial position and cash flow statement* for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages **6 to 16**.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Revitalizing Education Development in Sierra Leone as at *31st. December 2018* and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies as stated in note 1 of the financial statements and the IDA Guidelines.

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

Management is responsible for the preparation and fair presentation of these financial statements 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.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards for Supreme Audit Institutions 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 International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit. I 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 my 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 controls.
- 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.



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


AUDITOR GENERAL

Date: 27/06/2019



BACKGROUND TO THE PROJECT

The Revitalising Education Development Project in Sierra Leone (REDiSL) was initially jointly funded through the provision of grants processed under the Investment Project Fund (IPF) Instrument available to the Government of Sierra Leone from both the Global Partnership for Education (GPE) Fund, and the Sierra Leone Multi-Donor Trust Fund (MDTF), contributed to by the Department for International Development (DFID). However, the funding support was closed on 31st December 2017 with a few components activities still to be concluded. Additional Financing (AF) provision for these remaining activities was made by the International Development Association (IDA)/World Bank in the form of a Credit in the sum of USD10 Million.

The objective of the project is to improve the learning environment in target schools and establish systems for monitoring educational interventions and outcomes.

The Additional Financing (AF) now supports the scale up/continuation of the following sub-components:

- Part 1. Performance Based School Grants
- Part 2. Improvement in Teacher Management
- Part 3. Establish robust consistent school data collection and Analysis.
- Part 4. Project Management and Supervision



STATEMENT OF RESOURCES AND EXPENDITURE

	Notes	2018 US \$
Opening Bank Balance: IDA Special Account		-
Resources:		
Receipts into IDA Special Account	3	4,240,824
Bank interest		-
		<u>4,240,824</u>
Expenditures:		
Improving Learning Environment		728,999
Improving Learning Environment - School Grants		1,887,540
Strengthening education service delivery		322,936
Project Management and Monitoring		279,948
		<u>3,219,423</u>
Closing Balance		1,021,401
Represented by:		
IDA Special Account	4	<u>1,021,401</u>
		<u>1,021,401</u>

These Financial Statements were approved on.....27th JUNE.....2019


.....Permanent Secretary - Ministry of Education, Science and Technology


.....Project Coordinator



STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018 US \$
Income		
Funding from Donors	3	3,219,423
		<u>3,219,423</u>
Expenditure		
Project Expenditure		3,219,423
		<u>3,219,423</u>
Results for the period		-

These Financial Statements were approved on 27th JUNE.....2019


.....Permanent Secretary - Ministry of Education, Science and Technology


.....Project Coordinator



STATEMENT OF FINANCIAL POSITION

	Notes	2018 US \$
Asset		
Cash and cash equivalents	4	<u>1,021,401</u>
		<u>1,021,401</u>
Funding and Liabilities		
Deferred income	2	<u>1,021,401</u>
		<u>1,021,401</u>

These Financial Statements were approved on.....27th JUNE.....2019

..........Permanent Secretary - Ministry of Education, Science and Technology

..........Project Coordinator



STATEMENT OF CASH FLOWS

	Notes	2018 US \$
Operating activities		
Cash paid to suppliers and employees	4	(3,219,423)
Cash flows from operating activities		<u>(3,219,423)</u>
Financing activities		
Funding received	2	4,240,824
Cash flows from financing activities		<u>4,240,824</u>
Net increase in cash and cash equivalent		1,021,401
Cash and Cash equivalent at the start of the year		-
Cash and cash equivalent at the end of the year	3	<u>1,021,401</u>



NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Project's financial statement.

a. Basis of accounting

Statement of resources and expenditure are prepared on the basis of cash accounting whereby income is recognised on the receipt of cash and cash equivalents is recognised on the disbursement of cash and cash equivalents.

The project financial statements have been prepared using the modified cash basis in line with the project financial reporting terms of reference. The basis of the income recognition is described in note (d) below.

b. Foreign currency transaction

Functional and presentation currency

The functional currency is the local currency in Sierra Leone which is the Leone. The Project has however adopted the United States Dollars (US\$) as its presentation currency as most of its transactions are dominated in US Dollars. Transactions in all other currencies are therefore considered foreign currency transactions.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions denominated in foreign currencies are recognized in the Project's Statement of Comprehensive Income.

c. Non-current assets

Plant and equipment are expensed on acquisition by the Co-ordinating Unit. The financial statements therefore have no non-current assets shown.

d. Income

Funding from the World Bank is held in a deferred income account when received and only recognised in the Project's Statement of Comprehensive Income when utilised.



NOTES TO THE FINANCIAL STATEMENTS

	2018
	US \$
2 Deferred income	
Payment into IDA Special Account	4,240,824
Utilised during the year	(3,219,423)
	<u>1,021,401</u>
Represented by:	
Cash and cash equivalents	1,021,401
3 Cash and Cash Equivalent	
IDA Special Account	1,021,401
4 Amount utilised during the year/cash paid to suppliers	
Component 1.1A – School grants	1,887,540
Component 1.1B - 1.3 Improving Learning Environment	728,999
Component 2.2 - Strengthening Systems	322,936
Component 3 - Project Management and Monitoring	279,948
	<u>3,219,423</u>



REPORT OF THE AUDITORS ON THE SPECIAL ACCOUNT STATEMENT, US DOLLAR ACCOUNT NUMBERED 003001006217412113

I have audited the accompanying Special Account numbered **003001006217412113** with the Sierra Leone Commercial Bank established under the provision of the International Development Association (IDA) acting as administrator of the Global Partnership for Education Fund (GPEF) Loan Number: **6107-SL** for the year ended 31st. December 2018 as set out on page 15.

I conducted the audit in accordance with the Standards of the International Organization of Supreme Audit Institutions (INTOSAI) and International Federation of Accountants (IFAC). Those Standards require that I plan and perform the audit to obtain reasonable assurance that the Special Account statements are free of material misstatement.

The accompanying Special Account Statement was prepared on the basis of cash deposited and withdrawals for the purpose of complying with the project agreement. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

In my opinion the receipts are properly accounted for and the withdrawals were made for the purpose of the project in accordance with the Loan agreement and IDA disbursement procedures. The accompanying special account statement gives a true and fair view of the ending balance for the year ended 31st. December 2018.

In accordance with the provisions of the terms of reference of the audit, I confirm as follows:

- Withdrawals from the Special Account during the period under review were made for eligible expenditure.
- The Special Account of the project has been maintained in accordance with the provisions of the financing agreement;

A3-AUDITOR GENERAL

Date **27/06/2019**



SPECIAL ACCOUNT STATEMENT

Account No: **003001006217412113**
Depository Bank: Sierra Leone Commercial Bank
Address: Siaka Stevens, Freetown Sierra Leone
Related Loan Agreement: Loan Number: **6107-SL**
Currency: United States Dollars

Part A- Account Activity

	2018
Initial Deposit	\$ 4,240,824
Project Payments	<u>(3,219,423)</u>
	<u>1,021,401</u>