



**Management Strengthening Project  
Grant number TF 012495**

**Twenty two months  
period ended 31 October 2015**

**Management Strengthening Project Grant number TF012495**

**Twenty Two month period ended 31 October 2015**

**Trust Fund Information**

**Funding Body and Trustee:** International Development Association acting as Trustee for the Trust Fund of East Timor

**Recipient:** Ministry of Education(Democratic Republic of Timor Leste)

**Grant number:** IDA TF 12495

**Bankers:** Caixa Geral de Depositos (Banco Nacional Ultramarino) Timor

**Auditors:** Deloitte Unipessoal Lda

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**Statement of Approval**

The Project Management of the Management Strengthening Project hereby states that the Project Management has complied with the obligations imposed by the Grant Agreement EFA DTI Grant No. TF 12495 dated 15 June 2012.

The financial statements set out on pages 4 to 5 were approved by the Director General Corporate Service on behalf of the Ministry of Finance:

Director General Corporate Service signature:

  
Antoninho Pires

Date

23 NOV 2015

## **Independent Auditor's Report to the Management of the Management Strengthening Project and the Timor-Leste Minister of Education**

We have audited the accompanying statement of Cash Receipts and Cash Payments of the Management Strengthening Project for the twenty two month period ended 31 October 2015, a summary of significant accounting policies and other explanatory information and management's assertion statement (together "the Financial Statements") as set out in pages 1 and 4 to 5. The Financial Statements have been prepared in accordance with the EFA-FTI Grant No. TF 12495 dated 25 June 2012 (the "Grant Agreement").

### *Management's Responsibility for the financial statements*

Management of the program is responsible for compliance with the requirements of the Grant Agreement and for the preparation and fair presentation of the Financial Statements and have determined that the accounting policies described in Note 1, are appropriate to meet the financial reporting requirements of the Grant Agreement and the needs of the Timor-Leste Minister of Finance ("the Minister"). Management's responsibility also includes such internal control as management determine is necessary to enable the preparation of the 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 the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 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, if any, made by the 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 presents fairly, in all material respects, the grant monies received and expended of the Management Strengthening Project for the twenty two month period ended 31 October 2015 in accordance with the accounting policies described in Note 1 to the Financial Statements.

*Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to Note 1 to the Financial Statements, which describes the basis of accounting. The Financial Statements have been prepared to assist Management Strengthening Project to meet the financial reporting requirements of the Grant Agreement. As a result, the Financial Statements may not be suitable for another purpose. Our report is intended solely for the management of the program, the Minister and the World Bank and should not be distributed to or used by parties other than the management of the program, the Minister and the World Bank.

**Deloitte.**  
*Deloitte*

DELOITTE  
23 November 2015

Management Strengthening Project Grant number TF 12495

Statement of Cash Receipts and Cash Payments

For the twenty two month period ended 31 October 2015

	Note	22 months ended 31 October 2015 US \$	7 months ended 31 December 2013 US\$
<b>RECEIPTS</b>			
<b>Grants &amp; Contributions</b>			
International Development Association	1	2,321,054	399,729
<b>PAYMENTS</b>			
Consulting Services	1	1,892,359	332,245
Operating Costs	1	261,548	50,939
<b>Total payments</b>		<b>2,153,907</b>	<b>383,184</b>
<b>Increase in cash</b>		<b>167,147</b>	<b>16,545</b>
Cash at the beginning of the period		16,545	-
<b>Cash at the end of the period</b>	<b>2</b>	<b>183,692</b>	<b>16,545</b>

**Management Strengthening Project Grant number TF 12495  
Twenty Two months period ended 31 October 2015**

**Notes to the Financial Statements**

**1. Accounting Policies**

**Basis of preparation**

The Management Strengthening Project's (the 'Project') policy is to prepare its financial statements on a cash basis. On this basis revenue is recognised when received rather than when earned, and expenses are recognised when paid rather than when incurred. The accounting policies have been applied consistently throughout the period.

**The Reporting entity**

The objectives of the Project are:

- To strengthen targeted management Directorates
- To strengthen public financial management and evidence-based planning capacity, including management information systems

The Grant Agreement was signed on 15 June 2012. The trust fund will close on 30 November 2015 and the unspent funds will be transferred to the World Bank at closing date.

**Reporting currency**

The reporting currency is United States Dollars (US\$).

**Foreign currencies**

Transactions involving foreign currencies have been recorded in United States dollars using the rates of exchange ruling on the date of transactions.

**Receipts**

The project has only one main source of income that comes from the World Bank donor proceeds. This fund is kept by the World Bank in the Head Office in Washington and disbursed periodically based on the Grant Agreement and the Project Appraisal Document. The World Bank does not replenish any expenditure unless it appears on the bank statement and is eligible as per the Grant Agreement. All eligible expenditure is funded by the World Bank.

**Payments**

Payments related to eligible expenditure incurred to deliver the project as defined by the Grant Agreement.

**2. Cash**

Cash comprises cash at bank. Cash at bank consist of balances within the Project's bank account and are controlled by the Project. It is intended that the funds remaining will be transferred to the World Bank on or around 30 November 2015 when the project ceases.