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Mohamed Hilal

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On Farm Irrigation Development in the Old lands Project (OFIDO)

Financial audit of The Ministry of Agricultural and Land Reclamation in Cooperation with the MSMED under "On Farm Irrigation Development in the Old lands Project (OFIDO)" financed by International Fund for Agricultural Development (IFAD) under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG for the period from July 1, 2017 up to June 30, 2018





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To: Dr. M. Samir Abo Soliman
General Director
On Farm Irrigation Development in the Old lands Project
(OFIDO)
Cairo, Egypt

December 20, 2018

Dear Sirs

Grant Thornton Mohamed Hilal is pleased to submit to you our final financial report which presents the results of our financial audit of the Ministry of Agricultural and Land Reclamation in Cooperation with the MSMED under "On Farm Irrigation Development in the Old lands Project (OFIDO)" financed by International Fund for Agricultural Development (IFAD) under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159B-EG, during the period from July 1, 2017 to June 30, 2018.

Meanwhile we would like to thank you and should you need any further information or clarification, please feel free to contact me.

Hossam El Beshar, CPA
Principal Partner

Grant Thornton - Mohamed Hilal
Public Accountants
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Financial audit of On Farm Irrigation Development in the Old lands Project (OFIDO) financed by International Fund for Agricultural Development (IFAD) under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG, during the period from July 1, 2017 to June 30, 2018

To: Dr. M. Samir Abo Soliman
General Director
Cairo, Egypt

This report presents the results of our audit of the Ministry of Agricultural and Land Reclamation in Cooperation with the MSMED under “On Farm Irrigation Development in the Old lands Project (OFIDO)” financed by International Fund for Agricultural Development (IFAD) under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG financial statement, for the period from July 1, 2017 to June 30, 2018.

Background

Upon the contractual conditions, applicable to this project are as follows:

Grant Agreement No. 1159 and No. 1159B Egypt and loan agreement No. 801 Egypt and No. 801B Egypt.

Egypt was signed by the international fund for agriculture development and the ministry of international cooperation on 16 February 2010 including annexes, the project is entitled.

On Farm irrigation development in the old land (OFIDO) project, the loan agreement includes amount to be disbursed by the social fund for development.

The activates of the project carried out or financed with the programmers funds are provided for in contractual basis and that the expenditures have not been affected for private purposes and disbursed within the period.

The target group for the project will be landless, youth and poor people who have the ability to work to enhance the Farm production potential and raise household's income.

The goal of the project is to improve the livelihood of the rural poor in the project area through targeted interventions to enhance Farms production potential and raise household's income.

Follow up on Prior Audit Recommendations

We have reviewed the prior independent auditor's report dated January 15, 2018. The prior audit report questioned \$21,774 in costs billed to IFAD, which represents unsupported costs of \$ 21,774 related to training expenses without supporting documents paid and billed to IFAD. We have considered this finding in performing our audit and we noted that the recipient has taken proper action. OFIDO did paid this amount to IFAD on June 3, 2018.

Assignment Objectives and Scope

The objective of this engagement is to conduct a financial audit of resources managed and the expenditures incurred by Ministry of Agricultural and Land Reclamation in Cooperation with the MSMED under "On Farm Irrigation Development in the Old lands Project (OFIDO)", for the period from July 1, 2017 to June 30, 2018. The specific objectives of this audit assignment are to:

- Obtain an understanding of the internal controls related to the financial reporting process, to identify and assess any weakness in internal control that might result in misstatements, whether due to fraud or to error;
- Design and conduct audit procedures in response to any weaknesses identified in the internal controls relating to the financial reporting process, to obtain audit evidence that the financial statements are fairly presented and free from material misstatements, in accordance with the applicable accounting framework;
- Verify whether expenditure that was incurred in the name of the project is in line with the terms of the financing agreements and incurred for the purposes intended in this agreements. Both IFAD and Government of Egypt funding's should be taken into consideration;
- Verify that the inventory and fixed assets held by the entity exist, are complete, are properly accounted and are used for the project purposes;
- Note any weaknesses in the internal control environment and in the financial reporting process, and communicate those in the management letter.

Agreed upon procedures performed:

1- Withdrawal application summary

We obtained the individual withdrawal applications (WAs) submitted to IFAD, as summarized in the withdrawal application summary, and developed test procedures to:

- Determine whether the Designated Accounts currency equivalent was determined using the historical exchange rate of transfers to the operating account;
- Determine whether goods and services have been purchased through the SOE mechanism in line with the stipulated SOE threshold;
- Determine whether the expenditures claimed through SOE procedures were properly and appropriately authorized classified¹ and supported by audit documentation;
- Identify any ineligible expenditure;

2- Designated account statement and reconciliation

We have reviewed the activities of the designated accounts associated with the project, including the initial advance, replenishments, interest that may accrue on the outstanding balances, and the year-end balances. The auditor is requested develop test procedures to:

- Check the accuracy of the Designated Accounts reconciliations;

¹ The threshold for SOE transactions will be stipulated in the letters to the borrower/Recipient and subsequent amendments.

- We have confirmed that the Designated Accounts have been maintained in accordance with the provisions of the financing agreements;

3- Others

We have reviewed the following:

- Procurement procedures to determine whether sound commercial practices, including competition were used, reasonable prices were obtained, and adequate controls were in place over the qualities and quantities received.
- Goods and works procured to determine whether they exist or used for their intended purposes in accordance with the terms of financing agreements, and whether control procedures exist and been placed in operation to adequately safeguard them. As part of the procedures to determine if they were, used for intended purposes, the auditors should perform end-use reviews for an appropriate sample of all items based on the control risk assessment. End-use reviews may include site visits to verify their existence or their use for their intended purposes in accordance with the objectives of the project. Questionable items must be, quantified and reported.
- Technical assistance and services procured to determine whether they were, used for intended purposes in accordance with the terms of financing agreements. The cost of technical assistance and services not properly used in accordance with terms of financing agreements must be, quantified and reported.
- Revolving fund to determine whether they were, used for intended purposes in accordance with the terms of financing agreements. The loans issued through revolving fund these are not properly used in accordance with terms of financing agreements must be quantified and reported.
- As part of the procedures to determine if funds provided were, used for intended purposes, the Auditor should carry field visit to perform end-use reviews for an appropriate sample based on the control risk assessment.

The preliminary planning and audit procedures started on August, 15 2018 and consisted of the following actions:

1. Meeting with the recipient's management to obtain our understanding about the project activities and ascertain any concerns that should be addressed in our audit.
2. Update our understanding of the recipient's operation, including its organizational structure, and the external and internal factors affecting its operation.
3. Identifying significant accounts and accounting applications, the important budget lines items, significant provisions of laws and regulations and relevant controls over the recipient's operations.
4. Performing a preliminary risk assessment to identify high-risk areas and sample size and the proper audit procedures.

The fieldwork segment of our audit commenced on September, 5 2018 and was completed on December 18, 2018.

The scope of our work was to audit costs incurred by OFIDO financed by International Fund for Agricultural Development under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG, during the period from July 1, 2017 to June 30, 2018. It also included an examination of the funds received from IFAD during the same period, and reconciliation of the fund balance as of June 30, 2018 with the recipient's cash balance.

Within each budget line item, we selected transactions on a judgmental basis to perform a substantive test of details.

Total expenditures incurred under the Grant from IFAD was \$92,558 total expenditures tested of \$67,640 which represents a coverage of 73 % of the total expenditures incurred under the Grant Agreement during audited period.

Total expenditures incurred under the Loan from IFAD was \$ 6,898,724 total expenditures tested of \$ 6,084,289 which represents a coverage of 88% of the total expenditures incurred under the Loan Agreement during audited period.

Our tests of expenditures included but were not limited to the following:

1. Reconciling OFIDO's accounting records to the Project Financial Statement issued to International Fund for Agricultural Development (IFAD) and testing costs for eligibility with the relevant financing agreement and adequate supporting documentation;
2. Determining whether the costs incurred by OFIDO's and funded by IFAD were appropriate, consistent with the terms of the agreement and applicable rules and regulations and adequately supported.
3. Testing the adequacy of OFIDO internal controls to reasonably assure that:
 - Transactions were executed in accordance with the approved budget and significant provisions of applicable laws and regulations and;
 - Transactions were properly recorded, processed and summarized to permit the preparation of the financial statement and to maintain accountability of the project's assets.

Audit Results

Financial Statements

Our audit identified total questioned costs of \$599,088 which represents Ineligible costs.

Internal Control Structure

Our audit procedures did not identify any material reportable condition in connection to the project internal control structure; however, we noted other immaterial finding related to the internal control system which reported to the management of OFIDO in our management letter dated December 20, 2018.

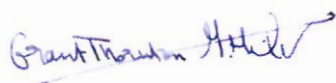
Compliance with Laws and Regulations

Our audit identified one material instance of noncompliance with agreement terms and applicable laws and regulations that is related mainly to exceed project budget. This finding is addressed in details in our audit report on compliance with laws and regulations.

Management Comment

Management of On Farm Irrigation Development in the Old lands Project (OFIDO) agreed on the draft report, accordingly we finalize it as it is.

This report is intended for the information of the On Farm Irrigation Development in the old lands Project (OFIDO)'s management and International Fund for Agricultural Development (IFAD) and others within the organization. However, this report is a matter of public record and its distribution is not limited.



Grant Thornton Mohamed Hilal,
Cairo, Egypt
December 20, 2018

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Report on Financial Statements

Independent Auditor's Report

To: Dr. M. Samir Abo Soliman
General Director
On Farm Irrigation Development in the Old lands Project
Cairo, Egypt

Auditor' Qualified Opinion

We have audited the accompanying financial statements of "On Farm Irrigation Development in the Old lands Project (OFIDO)", financed by the International Fund for Agricultural Development (IFAD) under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG, which compromise the statement of sources and uses of fund, statement of expenditures (SOEs), Designated Accounts/ Special Accounts (Das/SAs) for the period from July 1, 2017 to June 30, 2018.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our Report, the accompanying financial statements present fairly, in all material respects the financial position of the Project as at June 30, 2018, and its financial performance for the year ended in accordance with International Public Sector Accounting Standards (IPSAS), and the IFAD Guidelines.

In addition, with respect to the SOE withdrawal application schedule, adequate supporting documentation has been maintained to support claims for reimbursements of expenditures incurred, such expenditures are eligible under the agreement referred to in Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG.

In addition, in all material respects, the funds received and disbursements made from the special/designated account of the project for the year ended on June 30, 2018, compliance with IFAD procedures and the balance of the DAs/SAs

Basis for Qualified Opinion

The total possible effects that arise from total questioned costs for the year end in June 30, 2018 with amount \$ 599,088 (which described in detailed manner in the notes, Note #4). The management exceed the project approved budget for National TA Consultants line item by ██████1,240 and Revolving Funds (SFD) line item by ██████597,848.

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. Our key audit matter is as follow:

- **Opening Balance:** The prior period ended June 30, 2016 was audited by another auditor (Crowe Horwath) who issued unqualified opinion. However, we were unable to check his working papers nor enquire him regarding audit procedures performed. Accordingly, we were unable to verify the Opening balances on July 1st 2016, and its accumulated effects on current period operations.
- **IPSAS issued in November 2017** “Financial reporting under the cash basis of Accounting”: Entities that currently present financial reporting under the cash basis of accounting are not required to apply with the requirements in this standards until 1 January 2019. Accordingly, project management has reported the financial data as previous years and prepare the financial statements and related notes in accordance with 2007 version of the IPSAS

Emphasis of Matter

Our Opinion is not modified in respect of these Matters below:

- **No Fixed Assets Physical Inspection Count**
We noted that management did not conduct physical inspection count for its fixed assets at year end.
- **Improper Accounting System**
During our audit, we noted that the project management doesn't maintain proper complete accounting system according to accounting standards. Currently, they are project is using excel sheet to record all transactions which is very difficult to be reconciled with the manual accounting books maintained by the project.

Scope of Work

We conducted our audit in accordance with International Standards of Audit (ISA 701) and its amendments and subsequent changes introduced and IFAD's guidelines for statements of expenditure (SOEs) and special accounts (SAs). Our responsibilities under those Standards are further described in the Auditor Responsibilities for the Audit of Financial Statements Section of our report. We are independent of the project in accordance with the ethical requirements that are relevant to our audit of the financial statements in Egypt, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of management and those charged with Governance for the Financial Statements.

The management of OFIDO is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (or others); 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.

In preparing the financial statements, management is responsible for assessing the project'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 project or to

cease operations or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the project's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our 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 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. Our audit included examining, on test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by project management; and evaluating the overall financial statement presentation. In addition to achieve our objectives we conducted our audit in accordance with the International Standards of Auditing (ISAs) and its amendments and International Fund for Agricultural Development Guidelines for Project Audit ("the IFAD Guidelines").

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 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.

This report is intended for the information of the on Farm Irrigation Development in the old lands Project (OFIDO)'s management and International Fund for Agricultural Development (IFAD) and others within the organization. However, this report is a matter of public record and its distribution is not limited.



Grant Thornton Mohamed Hilal
Cairo, Egypt
December 20, 2018

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The Ministry of Agricultural and Land Reclamation in Cooperation with the Social Fund for Development

Project name: On Farm Irrigation Development In The Old Land

IFAD Loan: L-J-801- & L-J-801-B

IFAD Grant : Grant No : G-IC-1159- & G-IC-1159-B

Statement of Source and Use of Funds (By Category of Expenditures)

For the period from July 1, 2017 to June 30, 2018

Description	Notes	IFAD Loan no. 801 & Grant no. 1159		IFAD Loan no. 801 B & Grant no. 1159 B		Total IFAD Loan no. 801- no 801 B & Grant no. 1159 - no 1159 B		Question Cost	
		Budget	Actual	Budget	Actual	Budget	Actual	Indigible	Unsupport ed
		From 01/7/2017 to 30/6/2018	From 01/7/2017 to 30/6/2018	From 01/7/2017 to 30/6/2018	From 01/7/2017 to 30/6/2018	From 01/7/2017 to 30/6/2018	From 01/7/2017 to 30/6/2018		Finding No.
Opening Balance for IFAD Loan Designated account as of 1/7/2017		-	937,853	-	156,225	-	1,094,079		
Opening Balance for IFAD Grant Designated account as of 1/7/2017		-	855,885	-	161,004	-	816,888		
Opening Balance for IFAD SFD Designated account as of 1/7/2017		-	345,565	-	-	-	345,565		
funds received :-		-	-	-	-	-	-		
- Initial deposit Loan		-	-	-	-	-	-		
- Replenishment of the Special Account (SA)(Loan)		-	3,697,395	-	3,503,067	-	7,200,462		
- IFAD Direct Payments (Loan)		-	-	-	-	-	-		
- IFAD Grant		-	4,724,410	-	-	-	4,724,410		
- SFD Credit line		-	158,820	-	238,230	-	397,050		
- Funds received by the government- if any		-	-	-	-	-	-		
- Funds received by Beneficiaries		-	-	-	-	-	-		
Total Funds available as of June 30, 2018		\$ 10,519,828.30	\$ 8,440,182	\$ 9,727,740	\$ 4,056,516.28	\$ 25,934,670	\$ 14,576,444.58	\$ -	\$ -
PROJECT EXPENDITURES (BY CATEGORY OF EXPENDITURES)									
IFAD Loan credit									
Works		11,501,210	3,431,033	9,576,320	3,330,933	21,077,530	6,761,966		
Means of Transportation & Equipment		137,000	-	149,130	108,348	286,130	108,348		
national TA consultants		186,230	26,521	-	-	186,230	26,521		
Training		-	-	2,290	1,888	-	1,888		
Revolving Fund (SFD)		4,384,780	4,982,628	-	-	4,384,780	4,982,628	(597,848)	1
Subtotal IFAD Loan credit		\$ 16,209,220	\$ 8,440,182	\$ 9,727,740	\$ 3,441,169	\$ 25,934,670	\$ 11,881,351	\$ (597,848)	\$ -
IFAD Grant									
Works		-	-	-	-	-	-		
Means of Transportation & Equipment		-	-	-	-	-	-		
national TA consultants		4,400	19,948	4,520	17,463	8,920	37,411		
Training		672,960	8,219	672,975	46,928	1,345,955	55,147		
NON Eligible Disbursement		-	-	-	-	-	-		
Subtotal Grant		\$ 677,360	\$ 28,167	\$ 677,495	\$ 64,391	\$ 1,354,875	\$ 92,558	\$ -	\$ -
Government Funds									
Works		2,052,340	-	1,518,000	-	3,570,340	-		
Means of Transportation & Equipment		25,500	-	34,980	17,020	60,480	17,020		
national TA consultants		18,860	-	-	-	18,860	-		
Training		111,930	-	14,940	-	126,870	-		
PMU Operating Cost		254,000	158,820	186,530	221,210	440,530	380,030		
Subtotal Government Funds		\$ 2,462,630	\$ 158,820	\$ 1,754,450	\$ 238,230	\$ 4,217,080	\$ 397,050	\$ -	\$ -
beneficiaries Credit									
works		632,260	-	392,910	-	995,170	-		
PMU Operating Cost		-	-	-	-	-	-		
Subtotal Beneficiaries Funds		\$ 602,260	\$ -	\$ 392,910	\$ -	\$ 995,170	\$ -	\$ -	\$ -
Total Expenses		\$ 19,851,490	\$ 8,627,169	\$ 12,552,995	\$ 3,743,790	\$ 32,501,795	\$ 12,370,959	\$ (597,848)	\$ -
Balance as of June 30, 2018			\$ 1,892,756		\$ 314,726		\$ 2,207,485		

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**Statement of Income and Expenditures (BY CATEGORY OF EXPENDITURES)
FOR THE YEAR ENDED 30/06/2018**

	From 1/7/2017 to 30/06/2018		From 1/7/2016 to 30/06/2017		From 1/7/2015 to 30/06/2016		From 1/7/2014 to 30/06/2015		From 1/7/2013 to 30/06/2014		From 1/3/2011 to 30/06/2013		From 1/3/2011 to 30/09/2018	
	OFIDO (2)	OFIDO (1) Total Ofido	OFIDO (2)	OFIDO (1) Total Ofido	OFIDO (2)	OFIDO (1) Total Ofido	OFIDO (1)	OFIDO (1)	OFIDO (1)	OFIDO (1)	OFIDO (1)	OFIDO (1)	OFIDO (2) OFIDO (1) Total Ofido	OFIDO (2) OFIDO (1) Total Ofido
	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
1 - Initial cash balance brought forward Comprising of														
IFAD Loan Designated account	156 228 001	937 854 533	1094 079	996 2	1737 84	2734 04	0	435	590	1076			5954 39	
IFAD Grant Designated account	161 00 35	655 884 951	816 8885	170	705 21	875 21	0	12	31	85			2094 4	
IFAD SFD Designated account	0	345 565	345 565	0	1238 2	1238 2	0	1004	1231	1299			5205 11	
FINANCING:														
- IFAD funds received:														
- Initial deposit Loan														
- Replenishment of the Special Account (SA)(Loan)														
- IFAD Direct Payments (Loan)														
IFAD Grant														
SFD Credit line														
- Funds received by the government - if any	2 38 230 289	158 820 193	397 0505	90 666	377 333	467 999	97 3	2294 3	798	637	9503	448 88 43	13609 6	14058 52
- Funds received by Beneficiaries	0	0	0	0	0	0	0	0	0	0	512	0	512	512
2 - TOTAL FINANCING	3741 217 38	8580 624 89	12321 9	107 626	2387 573	2495 2	1267 3	9235 8	10503 1	1402	13718	5138 902	42497 6	47636 47
PROJECT EXPENDITURES (BY CATEGORY OF EXPENDITURES)														
IFAD Loan credit														
Works														
Means of Transportation & Equipment	3330 932 69	3431 033 67	6761 966	843 81	2326 02	3169 826	3 8	3602 26	3606 06	4841	1046	323	4178 54	15569 31
national TA consultants	108 347 529	108 347 5	108 347 5	13 13	0 00	13 12885	0	-4 2	-4 2	156	156	646	121 43	797 80
national TA consultants	1 8881 624	26 520 898	28 40924	35 23	35 22699	0	52 1	52 1	52 1	36	49	40	1 83	238 85
Revolving Fund	4982 628	4982 628	4982 628	1341 615	1341 615	1341 615	0	994 3	994 3	1217	68	201	0 00	8804 54
Subtotal IFAD Loan credit	3441 138 56	8440 182 57	11881 35	856 93	3702 86	4559 80	3 8	4644 46	4648 26	6094	1319	1210	4301 90	25410 50
IFAD Grant														
Works														
Means of Transportation & Equipment	31 753 764 9	3 651 560 54	37 411 33	0 02	6 81	6 82	0	22 5	22 5	9	26	12 427 005 57	33 78	80 38
national TA consultants	8 2190 1251	46 928 0197	55 14703	8 93	42 52	51 50	0	44 29	44 29	10	28	21	17 20	192 74
Training														
Subtotal Grant	41 978 774	50 579 5803	92 55836	9 00	49 33	58 32	0	66 79	66 79	19	54	33 427 005 57	50 99	273 12
Government Funds														
Works														
Means of Transportation & Equipment	17 0164 492	17 0164 5	17 0164 5	47 333	33 333	80 666	46	2068 9	2114 9	618	390	2250	93 33	5360 23
national TA consultants														
Training														
PMU Operating Cost	221 21 384	158 820 193	380 034	43 333	344	387 333	51 3	119 5	170 8	156	171	629	315 85	1578 32
Subtotal Government Funds	239 230 289	158 820 193	397 0505	90 666	377 333	467 999	97 3	2294 3	2391 6	798	637	9504	426 1963	13769 5
beneficiaries Credit														
works														
PMU Operating Cost														
Subtotal Beneficiaries Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3- TOTAL PROJECT EXPENDITURES & APPRAISAL	3774 377 62	8649 58235	12371 956 597	4129 52	5086 12	101 1	7005 55	7106 65	6911	2010	11259 42701	4779 075	39965 1	44744 15
Balance brought forward (1 + 2 - 3) Comprising of	337 136 56	1870 34595	2207 485	317 229	1939 303	2256 532	1166 2	3681 25	4847 45	1451	1852	0	0	0
IFAD Loan Designated account	218 113934	1177 69358	1395 808	156 23	937 85	1094 08	996 2	1737 84	2734 04	435	590			
IFAD Grant Designated account	119 024723	605 305371	724 3301	161 00	655 88	816 89	170	705 21	875 21	12	31	84 57299443		
IFAD SFD Designated account	0 00	87 347	87 35	0 00	345 565	345 57	0	1238 2	1238 2	1004	1231			

STATEMENT OF INCOME AND EXPENDITURE (BY COMPONENT)
FOR THE YEAR ENDED 30/06/2017

note

1 - Initial cash balance brought forward comprising
IFAD Loan Designated account
IFAD Grant Designated account
IFAD SFD Designated account

FINANCING:

- IFAD funds received:
- Initial deposit loan
- Replenishment of the Special Account (SA)(Loan)
- IFAD Direct Payments (Loan)
IFAD Grant
SFD Credit line
- Funds received by the government - if any
- Funds received by Beneficiaries

2 - TOTAL FINANCING

PROJECT EXPENDITURES (BY CATEGORY OF EXPENDITURES)

COMPONENT IFAD Loan credit

On Farm Irrigation and Water Management
Agriculture Competitiveness Enhancement
Rural Enterprise & Micro - Finance Development
Project Coordination & Management

Subtotal IFAD Loan credit

COMPONENT IFAD Grant

On Farm Irrigation and Water Management
Agriculture Competitiveness Enhancement
Rural Enterprise & Micro - Finance Development
Project Coordination & Management

Subtotal Grant

COMPONENT Government Funds

On Farm Irrigation and Water Management
Agriculture Competitiveness Enhancement
Rural Enterprise & Micro - Finance Development
Project Coordination & Management

Subtotal Government Funds

COMPONENT of beneficiaries Credit

On Farm Irrigation and Water Management
Agriculture Competitiveness Enhancement
Rural Enterprise & Micro - Finance Development
Project Coordination & Management

Subtotal Beneficiaries Funds

3- TOTAL PROJECT EXPENDITURES & Appraisal
Balance brought forward (1 + 2 - 3) Comprising of

IFAD Loan Designated account
IFAD Grant Designated account
IFAD SFD Designated account

	From 1/7/2017 to 30/06/2018		From 1/7/2016 to 30/06/2017		From 1/7/2015 to 30/06/2016		From 1/7/2014 to 30/06/2015		From 1/7/2013 to 30/06/2014		From 1/3/2011 to 30/06/2018	
	OFIDO (2)	OFIDO (1)	OFIDO (2)	OFIDO (1)	OFIDO (2)	OFIDO (1)	OFIDO (2)	OFIDO (1)	OFIDO (2)	OFIDO (1)	OFIDO (2)	OFIDO (1)
USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
317 228901	1939 3034	2256 532	1166.2	3681.25	4847.45	0	1451	1852	2460	0	0	0
156 225401	937 853453	1094.079	996.2	1737.84	2734.04	0	435	590	1076	0	0	5954.39
161 0035	655 984951	816.8885	170	705.21	875.21	0	12	31	85	0	0	2094.4
0	345 565	345.565	0	1238.2	1238.2	0	1004	1231	1299	0	0	5205.11
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
3503 05709	3697 3947	7200.452	16.96	1561.26	1578.22	0	1000	1788	0	1500	1000	2000
0	0	0	0	0	0	0	0	2934	765	585	0	4562
0	0	0	0	0	0	0	170	760	930	0	118	170
0	4724.41	4724.41	0	448.98	448.98	0	1228.5	990	0	1500	0	8891.89
238 230209	158 820193	397.0505	90.666	377.333	467.999	97.3	2294.3	798	637	9503	448.8949	13609.6
0	0	0	0	0	0	0	0	0	0	512	0	512
0	0	0	0	0	0	0	0	0	0	0	0	0
3741 26738	8580 62489	12321.91	107.626	2387.573	2495.2	1267.3	9235.8	6510	1402	13718	5138.902	42497.6
												47636.47
3332.82	3457.55	6790.38	843.81	2361.25	3205.05	3.8	3654.36	4877	1095	363	4180.43	15808.16
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
108.35	4982.63	4982.63	1341.59	1341.59	1341.59	0	994.3	1217	68	201	0.00	8804.52
0	108.35	108.35	0	0	0	0	-4.2	0	156	646	121.48	797.80
3441.17	8440.16	11881.35	856.81	3702.84	4559.77	3.8	4644.46	6094	1319	1210	4307.903	25410.5
33.76	3.65	37.41	0.00	0.00	0.00	0.00	0.00	9.00	0.00	0	33.76	12.65
8.22	46.93	55.15	9.00	49.33	58.32	0	22.5	10.00	54.00	33.42700557	17.22	216.18
0.00	0.00	0.00	0.00	0.00	0.00	0.00	44.29	0.00	0.00	0	0.00	44.29
41.96	50.58	92.56	9.00	49.33	58.32	0.00	66.79	19.00	54.00	33.43	50.98	273.12
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00
3721.38	8649.58	12370.96	956.60	4129.50	5086.09	101.1	7005.55	7106.65	439.00	2602	93.33	5761.23
337.14	1870.35	2207.48	317.23	1939.33	2256.56	1166.2	3681.25	4847.45	27.00	273	0.00	300.00
216.11	1177.69	1395.81	156.23	937.85	1094.08	956.2	1737.84	2734.04	0.00	0	0.00	0.00
119.02	605.31	724.33	161.00	655.88	816.89	170	705.21	875.21	0.00	0	0.00	0.00
0.00	87.35	87.35	0.00	345.59	345.59	0	1238.2	1238.2	0	119	0.00	119.00
0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	512	0	512
3721.38	8649.58	12370.96	956.60	4129.50	5086.09	101.1	7005.55	7106.65	2010	11259	42701	39565.1
337.14	1870.35	2207.48	317.23	1939.33	2256.56	1166.2	3681.25	4847.45	1852	2458	572994	44744.13
216.11	1177.69	1395.81	156.23	937.85	1094.08	956.2	1737.84	2734.04	435	590		
119.02	605.31	724.33	161.00	655.88	816.89	170	705.21	875.21	12	31		
0.00	87.35	87.35	0.00	345.59	345.59	0	1238.2	1238.2	1004	1231		

C

IFAD Grant : Grant No : G-I-C-1159- & G-I-C-1159-B

STATEMENT OF INCOME AND EXPENDITURE (BY CATEGORY OF EXPENDITURES) Comparison by Budget for the year ended 3006/2018

notes	OFIDO (1)			OFIDO (2)		
	2017/2018	2017/2018	VARIANCE	2017/2018	2017/2018	VARIANCE
	BUDGET	ACTUAL		BUDGET	ACTUAL	
	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
1 - Initial cash balance brought forward Comprising of		1939.30			317.23	
IFAD Loan Designated account		937.85			156.23	
FAD Grant Designated account		655.88			161.00	
IFAD SFD Designated account		345.57			0.00	
FINANCING:		0.00				
- IFAD funds received:		0.00				
- Initial deposit Loan		0.00				
- Replenishment of the Special Account (SA)(Loan)		3697.39			3503.06	
- IFAD Direct Payments (Loan)		0.00			0.00	
IFAD Grant		0.00			0.00	
SFD Credit line		4724.41			0.00	
- Funds received by the government - if any		158.82			238.23	
- Funds received by Beneficiaries		0.00			0.00	
		0.00			0.00	
2 - TOTAL FINANCING	0	8580.62	0	0	3741.29	0.00
PROJECT EXPENDITURES (BY CATEGORY OF EXPENDITURES)						
<u>IFAD Loan credit</u>						
Works	11501.21	3431.03	8070.17	9576.32	3330.93	6245.39
Means of Transportation & Equipment	137.54		137.54	149.13	108.35	40.78
national TA consultants	186.23	26.52	159.71	0.00	0.00	0.00
Revolving Fund	4384.78	4982.63	-597.85	0.00		0.00
Training	0.00	0.00	0.00	2.29	1.89	0.40
Subtotal IFAD Loan credit	16209.75	8440.18	7769.57	9727.74	3441.17	6286.57
<u>IFAD Grant</u>						
Works	0.00		0.00			0.00
Means of Transportation & Equipment	0.00		0.00	0.00		0.00
national TA consultants	4.40	3.65	0.75	32.52	33.76	-1.24
Training	672.98	46.93	626.05	129.60	8.22	121.38
Subtotal Grant	677.38	50.58	626.80	162.12	41.98	120.14
<u>Government Funds</u>						
Works	2052.34		2052.34	1518.81	0.00	1518.81
Means of Transportation & Equipment	25.50		34981.00	34.98	17.02	17.96
national TA consultants	18.86		18.86	0.00		0.00
Training	111.93		111.93	14.94		14.94
PMU Operating Cost	254.00	158.82	95.18	186.53	221.21	-34.68
Subtotal Government Funds	2462.62	158.82	37259.30	1755.26	238.23	1517.03
<u>beneficiaries Credit</u>						
works	602.26	0.00	602.26	392.91	0.00	392.91
PMU Operating Cost	0.00	0.00	0.00		0.00	0.00
Subtotal Beneficiaries Funds	602.26	0.00	602.26	392.91	0.00	392.91
3- TOTAL PROJECT Budget & EXPENDITURES & Surplus	19952.01	8649.58	46257.93	12038.03	3721.38	8316.65
Balance brought forward (1 + 2 - 3) Comprising of		1870.35			337.14	
IFAD Loan Designated account		1177.69			218.11	
FAD Grant Designated account		605.31			119.02	
IFAD SFD Designated account		87.35			0.00	

On Farm Irrigation Development In the Old Land

International Fund For Agriculture Development

Source of Finance : (IFAD)

Loan No : 801 EGYPT (OFIDO)

SA	2000000		
SFD	8891776.22		
DP	4561573.02		
R	11222003.6	13222004	26675352.86
R(B)	3520017.02		
SA(B)	1000000		4520017.02

Aggregate Schedule For Withdrawal Orders Transferred For the Project And its Related Disbursements
From 1/1/2011 Till 30/6/2016

Total 31195369.9 0

Category - NO	Works (1) 117916	Means Of Transportation (2) 117917	National TA (3) 200008	Training (4) 117921	Revolving Fund (5) 117918	Unallocated (6) 117919	99Z 073824	98Z 074684	Total	Rejected From IFAD	Net Reimbursed	value date	Rmarks	Date
Withdrawal No.														
1						1500000			1500000	0	1500000	3/21/2011	SA	1/12/2011
1SFD									1500000	0	1500000	12/10/2012	SFD	12/10/2012
2 NPCU		127775						1500000	1500000	0	1500000	1/30/2013	DP	1/14/2013
3 NPCU		36950							36950	0	36950	2/28/2013	DP	2/4/2013
4 NPCU		36950							36950	0	36950	4/17/2013	DP	3/18/2013
5 NPCU		383325							383325	0	383325	4/17/2013	DP	1/29/2013
6 NPCU	764961.5								764961.5	0	764961.5	12/20/2013	DP	11/10/2013
7 NPCU	637898								637898	0	637898	7/24/2014	DP	
8 NPCU	1279145.3								1279145.3	0	1279145.3	8/7/2014	DP	
9 NPCU	303313.09								303313.09	0	303313.09	11/6/2014	DP	
10 NPCU	372339.12	212224.32							584563.44	0	584563.44	12/8/2014	R	
11 NPCU	109722.11								109722.11	0	109722.11	2/25/2015	DP	
12 NPCU	210811.94								210811.94	0	210811.94	3/9/2015	DP	
13 NPCU	955154.17								955154.17	0	955154.17	4/29/2015	R	
14 NPCU	392781.94								392781.94	0	392781.94	4/16/2015	DP	
SFD 2					989948.68				989948.68	0	989948.68	6/8/2015	SFD	
15 NPCU	248364.9								248364.9	0	248364.9	6/25/2015	R	
16 NPCU							500000		500000	0	500000	7/2/2015	SA	
17 NPCU	948222.54		125616.6						1073839.2	0	1073839.18	11/16/2015	R	
18 NPCU	277939.1407								277939.14	0	277939.1407	11/16/2015	DP	
1 NPCU B									1000000	0	1000000	1/21/2016	SA(B)	
19 NPCU	1989358.87		9568.83						1989827.7	0	1989827.7	1/29/2016	R	
SFD 3					1228437				1228437	0	1228437	3/22/2016	SFD	
20 NPCU	-17651.74		13627.36						-4024.38	0	-4024.38	6/14/2016	R	
21 NPCU	1091601.45		14922.02						1106523.5	0	1106523.47	6/14/2016	R	
22 NPCU	244176.94		13759.54						257936.48	0	257936.48	9/21/2016	R	
2 NPCU B	3811.87								3811.87	0	3811.87	9/21/2016	R(B)	
SFD 4					448980				448980	0	448980	11/21/2016	SFD	
23 NPCU	1278418.51	834.88	24070.57						1303324	0	1303323.96	1/12/2017	R	
3 NPCU B	19.21	13128.85							13148.06	0	13148.06	1/10/2017	R(B)	
SFD 5					1085338.39				1085338.4	0	1085338.39	8/30/2017	SFD	
25 NPCU	609053.33		9656.62						618709.95	0	618709.95	10/5/2017	R	
SFD 6					1402463.27				1402463.3	0	1402463.27	10/27/2017	SFD	
26 NPCU	442022.94		1499.79						443522.73	0	443522.73	11/29/2017	R	
4 NPCU B	434377.09								434377.09	0	434377.09	11/29/2017	R(B)	
SFD 7					1207087.96				1207088	0	1207087.96	11/30/2017	SFD	
SFD 8					1006510.92				1006510.9	0	1006510.92	1/18/2018	SFD	
5 NPCU B	409409.38								409409.38	0	409409.38	1/29/2018	R(B)	
27 NPCU	1139317.9		10661.46						1149979.4	0	1149979.36	1/30/2018	R	
7 NPCU B	792726.9	108347.53							901074.43	0	901074.43	2/27/2018	R(B)	
8 NPCU B	485892.07								485892.07	0	485892.07	2/27/2018	R(B)	
28 NPCU	277975.17		3507.01						281482.18	0	281482.18	4/11/2018	R	
SFD 9					23010				23010	0	23010	4/12/2018	SFD	
9 NPCU B	821240.77								821240.77	0	821240.77	6/4/2018	R(B)	
29 NPCU	485720.08		11390.75						497110.83	0	497110.83	6/5/2018	R	
10 NPCU B	451063.35								451063.35	0	451063.35	6/20/2018	R(B)	
30 NPCU	705627.97		961.68						706589.65	0	706589.65	6/20/2018	R	
Total	18144815.81	919535.58	239242.3	0	7391776.22	0	2000000	1500000	1000000	31195370	0	31195369.88		

Notes to the Financial Statements

Note 1- Scope of statements:

The financial statements are the representation and the responsibility of OFIDO's management.

The "Budget" columns represent the total budget amounts approved. The "YTD" column presents the budget approved during the Year ended June 30, 2018. The "Cumulative" column presents the total budget approved from inception to June 30, 2018. The main budget categories are presented for reporting purposes only.

The "Actual Expenditures" columns identify the total costs incurred by the project. The "YTD" column presents the project costs incurred during the year ended June 30, 2018. These columns are presented for reporting purposes only.

The "Questioned Costs" columns represent audit results and are included in the financial statements for presentation purposes only.

Note 2- Basis of accounting:

The organization follows the cash basis of accounting where revenues are recognized when they are actually received and expenditures are recognized and considered incurred when they are actually paid. According to IPSAS issued in November 2017 "Financial reporting under the cash basis of Accounting": Entities that currently present financial reporting under the cash basis of accounting are not required to apply with the requirements in this standards until 1 January 2019. Accordingly, project management has reported the financial data as previous years and prepare the financial statements and related notes in accordance with 2007 version of the IPSAS.

Note 3- Exchange Rate:

The IFAD Loan & grant received in US Dollars and expenses paid in Egyptian Pound (EGP). Expenses have been translated into US Dollars using the exchange rate prevailing at the date of the transfer from the Dollar bank account to EGP bank account. (Using first in first out rate for all disbursement)

The Egyptian Contribution received in Egyptian Pound (EGP), and expenses paid in Egyptian Pound (EGP). Expenses have been translated into US Dollars by using the average exchange rate at end year

Note 4- Questioned costs:

The "Questioned Costs" columns represent the costs questioned during the period July 1, 2017 to June 30, 2018. Questioned costs are presented in two separate categories. The "Ineligible" column represents the costs that are not program related, unreasonable, or prohibited by the agreement or applicable laws and regulations. The "Unsupported" column represents the costs that are not supported with adequate documentation

Details of Questioned Costs

Item Description	<u>Questioned Costs</u>	
	<u>Ineligible</u> USD	<u>Unsupported</u> USD
Finding 1		
During our audit we noted that the management exceed the project approved budget for several line items of the approved budget, without obtaining IFAD prior approval adjust the project approved budget , as follows :-	599,088	

Description	Approved budget	Expenditure	Expenditure of Budget	Variance amount
Grant no. 1159				
national TA consultants	32,520	33,760	104%	(1,240)
Loan no. 801				
Revolving Fund (SFD)	4,384,780	4,982,628	114%	(597,848)

- We recommend project's management to get IFAD no objection for all amount or refund the entire amount to the IFAD.

Total Finding 1



\$ 599,088	0,00
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Note 5- IFDA Loan Designated account:

On Farm Irrigation Development In the Old Land
International Fund For Agriculture Development
(IFAD)
Bank Reconciliation For Designated Account Number 4/082/19185/2
L-I-801 & L-I-801-B

Description	Note	USD Up to 30-6-2018	USD Up to 30-6-2018
Amount Received From IFAD (OFIDO 1)		13,222,003.62	
Amount Received From IFAD (OFIDO 2)		4,520,017.02	
Amount Received to Refund Non Eligible amount disbursed from OFIDO 1		45,947.65	
(1) Total Amount Received From IFAD			17,787,968.29
Less			
Amount Transferred To operating Account Up to 30/09/2018 (OFIDO 1)		11,031,440.67	
Amount Transferred To operating Account Up to 30/09/2018 (OFIDO 2)		1,000,000.00	
Amount Transferred To Repayment Account payable (Grant designated account) Up to 30/09/2018 (OFIDO 1)		454,793.53	
(2) Total Amount Transferred To operating Account Up to 30/09/2018			12,486,234.20
Expenditure From Designated Account OFIDO 1		1,856,279.56	
Expenditure From Designated Account OFIDO 2		2,054,368.75	
Non Eligible expenditures		2,653.36	
(3) Total Expenditure From Designated Account			3,913,301.67
Refunded to DA (OFIDO 1)		50	
Refunded to DA (OFIDO 2)		0	
(4) Total Refunded to DA		50	50
(5) Net Expenditure From Designated Account (3-4)			3913251.67
Total (2+5)			16399485.87
Cash at Bank 30/09/2018			1388482.42

Note 6 - IFDA Loan Operating account:

On Farm Irrigation Development In the Old Land
International Fund For Agriculture Development
(IFAD)
Bank Reconciliation For Operating Account Number 9/450/85159/6
L-I-801- & L-I-801-B

Description	Note	USD Up to 30-6-2018	USD Up to 30-6-2018
Amount Transferred From Designated Account to Operating Account OFIDO 1		11,031,440.67	
Amount Transferred From Designated Account to Operating Account OFIDO 2		1,000,000.00	
Total Transferred From Designated Account to Operating Account			12,031,440.67
Credit Interest (Penalty for delays in delivery) by Exchange Rate 7.5201	700		93.08
Amount Transferred From Grant Designated account to loan operating account (OFD01)			454,793.52
Total			12,486,327.27
Less			
Expenditures from Operating Account Equivalent USD up to 30/09/2018 (OFIDO 1)		10,188,166.39	
Expenditures from Operating Account Equivalent USD up to 30/09/2018 (OFIDO 2)		2,247,546.20	
Non Eligible Disbursement		48,500.47	
Imprest		1,399.68	
Total Expenditures from Operating Account Equivalent USD During period From			12,485,612.75
balance at Operating Bank Account 30/6/2018 Equivalent USD Dollar			714.53

مدير الزراعة واستصلاح الأراضي
PMU
مستشار الشؤون المالية والمحاسبية
مستشار الشؤون القانونية

Note 7. Grant Designated Account:

On Farm Irrigation Development In the Old Land
International Fund For Agriculture Development
(IFAD)

Bank Reconciliation

Grant No : G-I-C-1159- & G-I-C-1159-B

Description	Note	Up to 30/06/2018 USD
Amount Received From IFAD OFIDO (1) Up to 30/06/2018		878,000.00
Amount Received From IFAD OFIDO (2) Up to 30/06/2018		170,000.00
Total		1,048,000.00
Less		
amount transferred to operating Grant account OFIDO (1) Up to 30/06/2018		768,000.00
amount transferred to operating Grant account OFIDO (2) Up to 30/06/2018		50,000.00
Amount Transferred From Loan Designated account to Grant Designated account (OFIDO1)		(454,793.53)
Sub Total		363,206.47
Total Expenditures From OFIDO (1) Up to 30/06/2018		59,246.76
Total Expenditures From OFIDO (2) Up to 30/06/2018		13,652.05
Sub Total		72,898.81
Total		436,105.28
Cash at Bank 30/6/2018		611,894.72

Note 8 - IFDA Grant Operating account:

On Farm Irrigation Development In the Old Land
International Fund For Agriculture Development
(IFAD)

Bank Reconciliation For Operating Account Number 9/450/85160/6

Grant No : G-I-C-1159- & G-I-C-1159-B

Description	Note	Up to 30/06/2018 USD
Amount Transferred From Designated Account to Operating Account OFIDO 1		768,000.00
Amount Transferred From Designated Account to Operating Account OFIDO 2		50,000.00
Total Transferred From Designated Account to Operating Account		818,000.00
Total		818,000.00
Less		
Expenditures from Operating Account Equavelent USD Up to 30/06/2018 (OFIDO 1)		227,262.50
Expenditures from Operating Account Equavelent USD Up to 30/06/2018 (OFIDO 2)		23,516.15
Total Expenditures from Operating Account Equavelent USD Up to 30/6/2018		250,778.65
Non Eligible Expenditures		66,005.52
Amount Transferred to Loan Operating Account		454,721.40
loss forex		33,592.64
Imprest OFIDO 1		5,589.68
Imprest OFIDO 2		5,683.98
Equavelent balance at Operating Bank Account 30/6/2018		1,628.13
Equivalent balance at Operating Bank Account 30/6/2018 (OFIDO 1)		(19,171.74)
Equivalent balance at Operating Bank Account 30/6/2018 (OFIDO 2)		20,799.87
EGP	EGP	EXC
balance at Grant Operating Bank Account EGP 30/6/2017	28,644.11	17.59
		1,628.13

Note 9 – IFDA/MSMED Designated account:

- The fund balance represents the difference between funds received from OFIDO and costs incurred by MSMED during the period from July 1, 2017 to June 30, 2018.

MSMED Designated account

The fund balance represents the difference between funds received from OFIDO and costs incurred by MSMED during the period from July 1, 2017 to June 30, 2018.

<u>Description</u>	<u>Figures in US\$</u>
Opening balance as of July 1, 2017	345,565
Funds received During Audited Period	4,724,410
Total Fund Available during Audited period	5,069,975
Less:	
Costs incurred during the period from July 1, 2017 to June 30, 2018	4,976,490
Expenditures Not Yet recorded carry out from previous periods (Error)	5,023
Bank Charges Not Recorded	1,115
Total Expenditures Reprted at Finacial Report	4,982,628
Fund Balance as of June 30, 2018	87,347
Less	
Advance to NPE Bank	14,186
Bank Book USD Balance as of June 30, 2018	73,161
Bank Statement USD Balance as of June 30, 2018	73,161

- In addition to NPE Bank EGP Balance equal 1,146,907 EGP equivalent to 64,325 USD with exchange rate 17, 83 as of June 30, 2018.
This balance divided into 14,186 USD equivalent to 250,000 EGP (Advance from Designated Bank account) and 50,139 USD (as committee loan in process recorded at report as expenses but not paid to the client).



Note 10 –Expenditures by MSMED

Costs incurred during the period from July 1, 2017 to June 30, 2018 4,976,490

Expenditures Not Yet recorded carry out from previous periods (Error)-(This amount did not recorded in accounting system by MSMED but did recorded in financial report) 5,023

Bank Charges Not Recorded (This amount did not recorded in accounting system by MSMED but did recorded in financial report) 1,115

Total Expenditures Reprted at Finacial Report 4,982,628



Report on the Internal Control Structure Independent Auditor's Report

To: Dr. M. Samir Abo Soliman
General Director
Cairo, Egypt

We have audited the financial statements of the Ministry of Agricultural and Land Reclamation in Cooperation with the MSMED under "On Farm Irrigation Development in the Old lands Project (OFIDO)" financed by International Fund for Agricultural Development (IFAD) under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG, for the period from July 1, 2017 to June 30, 2018 and issued our report thereon dated December 20, 2018.

We conducted our audit in accordance with International Standards on Auditing (ISA 701). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement.

The management of OFIDO is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and in accordance with the terms and agreements; and transactions are recorded properly to permit the preparation of fund accountability statement in conformity with basis of accounting described in Note 2 to the fund accountability statement.

Because of the inherent limitations in any internal control structure, errors or irregularities may, nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the fund accountability statement described in the first paragraph, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the Financial Statement and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion

Our consideration of the internal control structure would not necessarily disclose all matters in the internal

control structure that might be material weaknesses under the International Auditing Standards. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the Financial Statement may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the On Farm Irrigation Development in the old lands Project (OFIDO)'s management and International Fund for Agricultural Development (IFAD) and others within the organization. However, this report is a matter of public record and its distribution is not limited.



Grant Thornton Mohamed Hilal,
Cairo, Egypt
December 20, 2018

Grant Thornton - Mohamed Hilal

Public Accountants
The Egyptian Member Firm of
Grant Thornton International

Report on Compliance with Laws and Regulations

Independent Auditor's Report

To: Dr. M. Samir Abo Soliman
General Director
Cairo, Egypt

We have audited the financial statements of the Ministry of Agricultural and Land Reclamation in Cooperation with the MSMED under "On Farm Irrigation Development in the Old lands Project (OFIDO)" financed by International Fund for Agricultural Development (IFAD) under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG, for the period from July 1, 2017 to June 30, 2018 and issued our report thereon dated December 20, 2018.

We conducted our audit in accordance with International Standards on Auditing (ISA 701) as well as the relevant guidelines of International Fund for Agricultural Development. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement resulting from violations of agreement terms and laws and regulations that have a direct and material effect on the determination of the fund accountability statement amounts.

Compliance with agreement terms and laws and regulations applicable to the project is the responsibility of OFIDO management. As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we performed tests of OFIDO compliance with certain provisions of grant terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements or violations of agreement terms and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the Statement of Cash Receipts and Disbursements. The results of our tests of compliance disclosed one material instances of noncompliance.

Finding 1: Exceed approved budget:

During our audit we noted that the management exceed the project approved budget for several line items without obtaining IFAD prior approval to adjust the project approved budget , as follows :-

Description	Approved budget	Expenditure	Expenditure of Budget	Variance amount
Grant no. 1159				
national TA consultants	32,520	33,760	104%	(1,240)
Loan no. 801				
Revolving Fund (SFD)	4,384,780	4,982,628	114%	(597,848)

Criteria:

According to Annex III in operational procedures for project audits, any deviations from the agreed budget require prior approval in writing from IFAD by presenting revised budget

Cause:

The management did not implement proper control procedures to ensure the compliance with terms of Funding Agreement Document requirements.

Effect:

Non-compliance with project Funding Agreement Document.

Recommendation:

We recommend the management to obtain IFAD approval to revise the project budget.

This report is intended for the information of the On Farm Irrigation Development in the old lands Project (OFIDO)'s management and International Fund for Agricultural Development (IFAD) and others within the organization. However, this report is a matter of public record and its distribution is not limited.



Grant Thornton Mohamed Hilal,
Cairo, Egypt
December 20, 2018

Grant Thornton - Mohamed Hilal

Public Accountants
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Appendix A

Fixed Assets:

Fixed Assets List

no	Asset Description	Categories	Financing source	efacery	Age	Location	Supplier Name	Date of purchase	Date of receipt	Purchase Value	Taxes	Total
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Qena		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Qena		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Qena		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Sohag		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Sohag		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Sohag		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Assuit		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Assuit		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		PMU		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		PMU		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		PMU		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		PMU		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Behara		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Behara		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Kafr Bshikt		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Kafr Bshikt		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Pick-up double Cabin Vehides	Vehides	Loan +Gov	MALR		Kafr Bshikt		14-Jan-13	04-Jul-13	26,900	62,186	89,086
1	Microbus	Vehides	Loan +Gov	MALR				04-Nov-12	04-Aug-13	36,950	-	36,950
1	Microbus	Vehides	Loan +Gov	MALR				18-Mar-13	04-Jul-13	36,950	-	36,950
36	Desktop Computer	Equipment	Loan +Gov	MALR				02-Aug-13	18-Oct-13	44,097		44,097
10	Laptop	Equipment	Loan +Gov	MALR					04-Jul-13	14,287		14,287
7	Laser Printer	Equipment	Loan +Gov	MALR				19-Feb-13	18-Mar-13	2,653		2,653
3	vechiles Nissan	Vehides	Loan +Gov			El Mania			25-Oct-17	11,882		11,882
3	vechiles Nissan	Vehides	Loan +Gov			Beni souief			25-Oct-17	11,882		11,882



Appendix B

Financial audit of On Farm Irrigation Development in the Old lands Project (OFIDO) financed by International Fund for Agricultural Development (IFAD) and Government of Egypt under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG, during the period from July 1, 2017 to June 30, 2018

Management Comments

Management of On Farm Irrigation Development in the Old lands Project (OFIDO) agreed on the draft report.

Appendix C

Financial audit of On Farm Irrigation Development in the Old lands Project (OFIDO) financed by International Fund for Agricultural Development (IFAD) and Government of Egypt under Loan No.801-EG & No. 801 B-EG and Grant No. 1159-EG & No. 1159 B-EG, during the period from July 1, 2017 to June 30, 2018

Auditor Comments

Based on agreed on the draft report from the management of On Farm Irrigation Development in the Old lands Project (OFIDO), we finalized our audit report.