The Education Reform for Knowledge Economy Project II (ERfKE II)

Funded By
International Bank for Reconstruction and Development (IBRD)
Loan Agreement No. (7702 JO)

Ministry of Education (MoE)

Amman- The Hashemite Kingdom of Jordan

Project's Statement of Cash Receipts and Disbursements
and Independent Auditor's Report
For the Year Ended December 31, 2013

Prepared by

Talal Abu-Ghazaleh & Co. International (TAGI)
Member of Talal Abu-Ghazaleh Organization (TAGO)
The Education Reform for Knowledge Economy Project II (ERfKE II)
Ministry of Education (MoE)
Amman- The Hashemite Kingdom of Jordan

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Independent Auditor's Report

Messrs Ministry of Education

The Education Reform for Knowledge Economy Project II (ERKE II)

Amman - The Hashemite Kingdom of Jordan

We have audited the accompanying statement of cash receipts and disbursements of the Education Reform for Knowledge Economy Project II (ERKE II), for the year ended December 31, 2013 financed under loan agreement No. (7702 JO) through the administration of the International Bank for Reconstruction and Development (IBRD). The financial statement has been prepared by management using the cash basis of accounting described in Note (2/a).

Management Responsibility for Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with cash receipts and disbursements basis of accounting described in Note (2/a); this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statement. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement on order to design audit procedures that are appropriate in the circumstances, but not 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 statement.
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:

a) The financial statement presents fairly, in all material respects, the cash receipts and disbursements The Education Reform for Knowledge Economy Project II (ERKE II) for the year ended December 31, 2013 in accordance with cash receipts and disbursements basis of accounting as described in Note (2/a);

b) Internal control over financial reporting involved in the preparation of direct payments, and reimbursements on the basis of Funds Receipt and Payments can be relied upon to support the related withdrawals for the period from January 1, 2013 to December 31, 2013;

c) The Project was, in all material respects, in compliance with the laws, regulations, guidelines and provisions governed by the Loan Agreement.

Basis of Accounting

Without modifying our opinion, we draw attention to Note (2/a) to the financial statement, which describes the basis of accounting. The financial statement is prepared to provide information to IBRD. As a result, the statement may not be suitable for another purpose.

With respect to Statement of Cash Receipts and Disbursements, adequate internal controls and proper supporting documentation have been maintained to support claims to the IBRD for reimbursements of disbursements, and disbursements are eligible for financing under loan agreement No. (7702 JO).

Talal Abu-Ghazaleh & Co. International

Amman, April 28, 2014
Independent Auditor's Report on Special Account

Messrs Ministry of Education
The Education Reform for Knowledge Economy Project II (ERfKE II)
Amman-The Hashemite Kingdom of Jordan

We have audited the sources and applications of funds of the "Special Account" of the Education Reform for Knowledge Economy Project II (ERfKE II) loan agreement No. (7702 JO) for the year ended December 31, 2013. Our responsibility is to express an opinion on the statement of the special account based on our audit.

We conducted our audit in accordance with International Standards on Auditing (ISA). Those Standards require that we plan and perform the audit to obtain reasonable assurance that the Special Account statement is free of material misstatement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of the "Special Account" presents a valid balance of Designated Account as well as being used exclusively for the payment of eligible expenditures which gives a true and fair view of the source and applications of funds of the Education Reform for Knowledge Economy Project II (ERfKE II) loan agreement No. (7702 JO), for the year ended December 31, 2013 in accordance with the cash basis of accounting as described in Note (2/a).

Talal Abu-Ghazaleh & Co. International

Amman, April 28, 2014

Talal Abu-Ghazaleh & Co. International

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Ministry of Education  
The Education Reform for Knowledge Economy Project II (ERfKE II)  
Amman- The Hashemite Kingdom of Jordan  
Statement of Cash Receipts and Disbursements  
For the year ended December 31, 2013

<table>
<thead>
<tr>
<th>Notes</th>
<th>Cash Receipts from World Bank</th>
<th>Total Actual Amounts from January 1, 2010 to December 31, 2012 USD</th>
<th>For the Year Ended December 31, 2013 USD</th>
<th>Total Actual Amounts from January 1, 2010 to December 31, 2013 USD</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>15,491,399</td>
<td>10,708,388</td>
<td>26,199,787</td>
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<td></td>
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<tr>
<td>Cash Receipts from World Bank</td>
<td></td>
<td>15,491,399</td>
<td>10,708,388</td>
<td>26,199,787</td>
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<tr>
<td>Disbursements:</td>
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<tr>
<td>Works</td>
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<td>22,966,013</td>
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<td>3</td>
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<tr>
<td>Goods and Equipment</td>
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<td>3,842</td>
<td>572,425</td>
<td>576,267</td>
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<tr>
<td>Consultants' services, workshops and training</td>
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<td>279,341</td>
<td>49,170</td>
<td>328,511</td>
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<tr>
<td>Innovation Fund</td>
<td></td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Front-end Fee</td>
<td></td>
<td>150,000</td>
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<td>150,000</td>
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<td>Bank charges</td>
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<td>1,448</td>
<td>918</td>
<td>2,366</td>
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<tr>
<td>Total Disbursements</td>
<td></td>
<td>(13,980,921)</td>
<td>(10,042,236)</td>
<td>(24,023,157)</td>
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<td>Net Funds</td>
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<td>1,510,478</td>
<td>666,152</td>
<td>2,176,630</td>
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