

**AFRICAN CENTRE OF EXCELLENCE IN
ENERGY FOR SUSTAINABLE
DEVELOPMENT (ACEESD)**

AUDIT REPORTS

For the year ended 30 June 2019

OAG Core Values

Integrity Independence Accountability
Objectivity Confidentiality
In public Interest

**AFRICAN CENTRE OF EXCELLENCE IN
ENERGY FOR SUSTAINABLE
DEVELOPMENT (ACEESD)**

AUDIT REPORTS

For the year ended 30 June 2019

**AFRICAN CENTRE OF EXCELLENCE IN
ENERGY FOR SUSTAINABLE
DEVELOPMENT (ACEESD)**

**AUDIT REPORT ON FINANCIAL
STATEMENTS**

For the year ended 30 June 2019

**AFRICAN CENTER OF EXCELLENCE IN ENERGY FOR SUSTAINABLE
DEVELOPMENT (ACEESD)
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**

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1. INTRODUCTION

1.1 Project information

The table below summarizes the key project information:

Project Start Date:	The project approval date is 26 May 2016
	The project signature of agreement date is 17 June 2016
	The project effectiveness date is 15 September 2016
Project End Date:	The project last disbursement date is 30 June 2022
	The project expected completion date is 31 December 2022
Project budget by donor	World Bank: USD 5.5 Million
Total cost of the project	USD 5.5 Million
Implementing Budget Agency	University of Rwanda

1.2 Project overview

Line Agency of the project	University of Rwanda
Strategic goals/objectives of the project	The objective of this project is to result in building capacity of the East and Southern African region through the University of Rwanda, College of Science and Technology to undertake interdisciplinary research and training in smart and micro-grid energy technologies tailored to serve remote and/or rural areas using renewable sources, power systems and energy management and trade policy, train 40 PhD and 120 MSc energy experts and improve research and teaching environment.
Main components of the project	The main component of the project is to create a world-class energy centre that will be a regional hub for research and training of African engineers, policy makers and energy utility managers (in micro-grid energy systems using renewable energy sources and interstate energy trading, management and policy); contribute to rural development through technology transfer; and nurture and promote entrepreneurship development in the energy sector towards sustainable development.

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Outputs of the projects	<ol style="list-style-type: none">1. To provide national and regional capacity-building (MSc & PhD) for the establishment and implementation of energy systems using local energy sources and appropriate technologies to cover energy needs for sustainable development.2. To develop and transfer appropriate energy technologies for sustainable development at the national and regional levels;3. To contribute and strengthen cooperation between industry and academia in the field of clean energy.4. To provide energy research, consultancy and advisory services to both public and private organizations at national, regional and international levels;5. To provide policy development skills training for students, policy-makers and utility managers aimed at building policy and monitoring capacity in the region which is critical for effective interconnection of energy systems.																																																												
Programs offered by the African Center of Excellence in Energy for Sustainable Development	<p>The following tables below shows the number and category of students</p> <table><tr><th>Qualification name</th><th>Total</th><th>2017-2018</th><th>2018-2019</th><th>2019-2020</th></tr><tr><td></td><td>A=B+C+D</td><td>B</td><td>C</td><td>D</td></tr><tr><td colspan="5">PHD</td></tr><tr><td>Electrical Power Systems</td><td>14</td><td>12</td><td>1</td><td>1</td></tr><tr><td>Energy Economics</td><td>7</td><td>7</td><td>-</td><td>-</td></tr><tr><td>Renewable Energy</td><td>19</td><td>14</td><td>3</td><td>2</td></tr><tr><td>Total</td><td>40</td><td>33</td><td>4</td><td>3</td></tr><tr><td colspan="5">MSC</td></tr><tr><td>Electrical Power Systems</td><td>17</td><td>-</td><td>17</td><td>-</td></tr><tr><td>Energy Economics</td><td>13</td><td>-</td><td>13</td><td>-</td></tr><tr><td>Renewable Energy</td><td>15</td><td>-</td><td>15</td><td>-</td></tr><tr><td>Total</td><td>45</td><td>-</td><td>45</td><td>-</td></tr></table>	Qualification name	Total	2017-2018	2018-2019	2019-2020		A=B+C+D	B	C	D	PHD					Electrical Power Systems	14	12	1	1	Energy Economics	7	7	-	-	Renewable Energy	19	14	3	2	Total	40	33	4	3	MSC					Electrical Power Systems	17	-	17	-	Energy Economics	13	-	13	-	Renewable Energy	15	-	15	-	Total	45	-	45	-
Qualification name	Total	2017-2018	2018-2019	2019-2020																																																									
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Electrical Power Systems	17	-	17	-																																																									
Energy Economics	13	-	13	-																																																									
Renewable Energy	15	-	15	-																																																									
Total	45	-	45	-																																																									

1.3 Registered office

The entity is domiciled in Kigali, Rwanda. The address of its registered office is:
University of Rwanda, College of Sciences and Technology.
Kigali, Rwanda

1.4 Bankers

The following are the bankers for the current year:

National Bank of Rwanda.
Bank of Kigali

1.5 Auditors

The Project is audited by the Office of the Auditor General.

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1.6 Center Management Team

The management team that held office during the year ended 30 June 2019 are included in the table below:

s/n	Name	Position	Phone number
1	Françoise KAYITARE TENGERA	Deputy Vice Chancellor For Finance	(+250)788405859
2	Prof. Nelson IJUMBA	DVC for Academic Affairs and Research/University of Rwanda	(+250)783109848
3	Dr Ignace GATARE	Principal-College of Science and Technology/University of Rwanda	(+250)788300083
4	Prof. Etienne NTAGWIRUMUGARA	Centre Director	(+250)788353874
5	Dr. Charles KABIRI	Deputy Centre Director	(+250)788632090
6	Immaculate BUGINGO	UR SPIU Coordinator	(+250)788750114
7	Maurice Kanamugire Phabian	Ag. UR SPIU DAF currently	(+250)788534233
8	Beline MUKARWEGO	Centre Monitoring & Evaluation Officer	(+250)788502945
9	Landuard KIRIKIRI	Centre Administrator	(+250)788618490
10	Thereza Caritase GASENGAYIRE	Accountant from 04/03/2019	(+250)788459630
11	Samuel NIZEYIMANA	UR SPIU DAF up to 31 March 2019	(+250)788455332
12	Leandre NGIRUWONSANGA	Accountant up to 30/11/2018	(+250)782030584

1.7 Funding Summary

The Project is for duration of 5 years from 2016 to 2022 with an approved budget of **USD 5,500,000** as highlighted in the table below:

Source of funds	Commitment (A) (in USD)	Cumulative amount received to date (June 2019) (B) (in USD)	Cumulative amount received to date (June 2019) (C) (in Frw)	Undrawn balance to date (June 2019) $D=(A)-(B)$ (in USD)	*Undrawn balance to date (June 2019) $E=(D*898.28344)$ (in Frw)
Loan					
World Bank	5,500,000	1,973,429	1,681,341,381.17	3,526,571	3,167,860,329
Total	5,500,000	1,973,429	1,681,341,381.17	3,526,571	3,167,860,329

*Undrawn balance of USD as at 30 June 2019 was translated into Frw using BNR rate that existed on 30 June 2019 which is 1USD=Frw 898.28344.

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2. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Article 66 of the Organic Law No. 12/2013 of 12/09/2013 on State Finances and Property requires budget agencies to prepare and submit to the Ministry annual financial statements in a period of one month from the end of the fiscal year and submit their annual financial statements to the Auditor General of State Finances not later than 30th September of the following fiscal year.

Article 19 of the Organic Law N° 12/2013 further stipulates that the Chief Budget Manager is responsible for maintaining accounts and records of the budget agency, preparing reports on budget execution, managing revenues and expenditures, preparing, maintaining and coordinating the use of financial plans, managing the financial resources for the budget agency effectively, efficiently and transparently, ensuring sound internal control systems in the budget agency and safeguarding the public property held by the budget agency.

As Chief Budget Manager, I accept responsibility for the annual financial statements, which have been prepared using appropriate accounting standards applicable to Public Entities as defined by Article 99 of the Ministerial Order No 001/16/10/TC of 26/01/2016 relating to financial regulations.

These financial statements have been extracted from the accounting records of **African Center of Excellence in Energy for Sustainable Development (ACEESD)** and the information provided is accurate and complete in all material respects. The financial statements also form part of the consolidated financial statements of the Government of Rwanda.

In my opinion, the financial statements give a true and fair view of the state of the financial affairs of **African Center of Excellence in Energy for Sustainable Development (ACEESD)** Project. I further confirm that (ACEESD) maintained proper accounting records which can be relied upon in the preparation of financial statements. I also confirm that adequate systems of internal control were maintained and operated effectively during the year to safeguard the assets of the budget agency.

Nothing has come to the attention of Management to indicate that **African Center of Excellence in Energy for Sustainable Development (ACEESD)** will not continue operating as a going concern for the foreseeable future.

Signature:

Françoise KAYITARE TENGERA
Deputy Vice Chancellor for Finance
University of Rwanda

Date:

17th January 2020

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3. REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS

REPORT ON THE FINANCIAL STATEMENTS

Françoise KAYITARE TENGERA
Deputy Vice Chancellor for Finance
University of Rwanda

3.1 Opinion

As required by Article 165 of the Constitution of the Republic of Rwanda of 2003 revised in 2015, and Articles 6 and 14 of Law n° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I have audited the financial statements of **African Center of Excellence in Energy for Sustainable Development (ACEESD)** for the year ended 30 June 2019. These financial statements comprise the statement of financial position as at 30 June 2019, and the statement of revenue and expenditure, statement of cash flows and budget execution report for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are set out on pages 9 to 20.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of **African Center of Excellence in Energy for Sustainable Development (ACEESD)** as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with the guidelines provided by Ministerial Order n° 001/16/10/TC of 26/01/2016 relating to financial regulations and Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property.

3.2 Basis of opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under ISSAIs are described in section 3.4 of this report.

I am independent of **African Center of Excellence in Energy for Sustainable Development (ACEESD)** and have fulfilled my ethical responsibilities in accordance with the ethical requirements that are relevant to my audit of financial statements of public entities as determined by the Code of ethics for International Organization of Supreme Audit Institutions (INTOSAI). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

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3.3 Responsibilities of management and those charged with governance for the financial statements

According to Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property, management of **African Center of Excellence in Energy for Sustainable Development (ACEESD)** is responsible for keeping accounting records and books of account, and preparation of financial statements in accordance with the financial regulations prescribed by the Minister in Ministerial order n° 001/16/10/TC of 26/01/2016 relating to financial regulations.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation 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 **African Center of Excellence in Energy for Sustainable Development (ACEESD)** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Government either intends to discontinue operations of the **African Center of Excellence in Energy for Sustainable Development (ACEESD)**.

Those charged with Governance of this **African Center of Excellence in Energy for Sustainable Development (ACEESD)** are the project Steering Committee as per establishing funding agreement. They are responsible for overseeing ACEESD's financial reporting process.

3.4 Auditor General's responsibilities for the audit of the financial statements

My objective when conducting an audit is 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. Misstatements can arise from fraud or error and are considered material if individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

An audit conducted in accordance with ISSAIs requires an auditor to exercise professional judgment and maintain professional skepticism throughout the audit and involves:

- The identification and assessment of the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform procedures responsive to those risks and to obtain sufficient and appropriate audit evidence to provide a basis for the auditor's 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.
- Obtaining 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 purposes of expressing an opinion on the effectiveness of internal control.

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- Evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management.
- Concluding 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 **ACEESD Project's** ability to continue as a going concern as well as evaluating the presentation of the financial statements.
- Evaluation of the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieved fair presentation.

BIRARO R. Obadiah
AUDITOR GENERAL
KIGALI

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4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

4.1 STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019

Description	Notes	12 months to 30 June 2019	12 months to 30 June 2018
		Frw	Frw
Revenues			
Transfers from other Government reporting entities	2	69,897,000	-
Other Revenue	3	21,424,382.88	26,226,294
Net operating revenue		91,321,382.88	26,226,294
Capital Receipts			
Loans and borrowings		778,868,613.17	-
Proceeds from borrowings	4	778,868,613.17	-
Total Revenues (A)		870,189,996.05	26,226,294
Expenses			
Use of Goods and Services	5	175,528,999.73	152,185,065
Other Expenses	6	179,427,971.16	33,142,274
Total operating expenses		354,956,970.89	185,327,339
Capital Expenditure	7	453,547,125.95	71,266,860
Total expenses (B)		808,504,096.84	256,594,199
Surplus/deficit (C=A-B)		61,685,899.21	(230,367,905)

The notes on pages 13 to 20 form an integral part of these financial statements.

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4.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

Description	Notes	Balance as at 30 June 2019	Balance as at 30 June 2018
		Frw	Frw
Financial assets			
Bank balances	8	833,664,845.31	679,438,024
Accounts Receivable	9	1,425,000	1,425,000
Total Financial Assets		835,089,845.31	680,863,024
Less: Financial liabilities			
Accounts payable	10	101,103,874.10	8,562,952
Net Financial assets		733,985,971.21	672,300,072
Representing			
Accumulated surplus from previous years	11	672,300,072	903,808,552
Net deficit/surplus for current year		61,685,899.21	(230,367,905)
Prior year adjustments	12	-	(1,140,575)
Total		733,985,971.21	672,300,072

The notes on pages 13 to 20 form an integral part of these financial statements.

4.3 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

Description	12 months to 30 June 2019	12 months to 30 June 2018
	Frw	Frw
Cash flow from operating activities		
Transfers from other Government Reporting entities	69,897,000	
Other revenue	21,424,382.88	26,226,294
Total cash flow from operating activities	91,321,382.88	26,226,294
Payments for operating expenses		
Use of Goods and Services	(175,528,999.73)	(152,185,065)
Other Expenses	(179,427,971.16)	(33,142,274)
Total operating expenses	(354,956,970.89)	(185,327,339)
Adjusted for		
Changes in receivables	-	(1,425,000)
Changes in payables	92,540,922.10	8,562,952
Adjustment during the period	-	(1,140,575)
Net cash flow from operating Activities (A)	(171,094,665.91)	(153,103,668)
Cash flows from Investing Activities		
Purchase of capital items	(453,547,125.95)	(71,266,860)
Net cash flows from Investing Activities (B)	(453,547,125.95)	(71,266,860)
Cash flow from Financing Activities		

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Proceeds from borrowing	778,868,613.17	-
Net cash flow from financing activities (C)	778,868,613.17	-
Net increase/ Decrease in cash and cash equivalents (A+B+C)	154,226,821.31	(224,370,528)
Cash and cash equivalent at Beginning of the year	679,438,024	903,808,552
Cash and cash equivalent at end of the period	833,664,845.31	679,438,024

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4.4 BUDGET EXECUTION REPORT FOR THE YEAR ENDED 30 JUNE 2019

Budget line/activity	Budget	Actual	Variance	Performance
	A	B	A-B	(B/A)*100
	Frw	Frw	Frw	%
Revenue				
Transfers from other Government reporting entities	71,188,000	69,897,000	1,291,000.00	98%
Other revenue	178,365,688	21,424,382.88	156,941,305.12	12%
Proceeds from borrowings	663,281,287.98	778,868,613.17	(115,587,325.19)	117%
Total Revenue	912,834,976	870,189,996.05	42,644,979.93	95%
Expenses				
Use of goods and services	182,287,149	175,528,999.73	6,758,149.27	96%
Other expenses	245,801,789	179,427,971.16	66,373,817.84	73%
Capital expenditure	484,746,038	453,547,125.95	31,198,912.05	94%
Total	912,834,976	808,504,096.84	104,330,879.16	89%

Explanations on significant variances:

- (i) Most of non-performed budget lines were as a results of delay in procurement processes Lab material ((Research equipment, Science labs, ICT labs)
- (ii) The other revenue performance is 12% due to tuition fees, registration fees and application which was budget under other revenue but executed under transfer from UR-College
- (iii) Proceeds from borrowings is 117% due to achieving more DLI than expected

The financial statements were approved by ACEESD management and were signed on its behalf by:

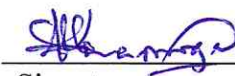
Prepared by: HARINDINTWARI Jmv
Project Accountant – ACEESD



Signature

17/01/2020
Date

Checked by: KANAMUGIRE P. Maurice
Ag. DAF UR SPIU



Signature

17/01/2020
Date

Reviewed by: BUGINGO Immaculate
Project Coordinator –UR SPIU



Signature

17/01/2020
Date

Approved by: Francoise KAYITARE TENGERA
Chief Budget Manager


Signature

17/01/2020
Date

4.5 NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

These are the specific principles, bases, conventions, rules and practices adopted by the Government of Rwanda in preparing and presenting the financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented and in all material aspects, unless otherwise stated.

a) Basis of preparation

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the requirements of Article 66 of the Organic Law on State Finances and Property: Law No. 12/2013 of 12 September 2013 and the Ministerial Order N°001/16/10/TC of 26/01/2016 relating to Accounting Standards applicable to Public Entity

The Financial Statements have been prepared based on generally Accepted accounting Standards, except where stated otherwise. In the context of Ministerial Order N°001/16/10/TC of 26/01/2016 relating to Financial Regulations, financial transactions are recognized in the books of account as follows:

1. Generally, transactions are recognized only at the time the associated cash flows take place;
2. The expenditure on acquisition of fixed assets is not capitalized. Thus fixed assets are written-off on acquisition and the wear and tear (depreciation) of those assets is not recorded in the books of account; and
3. Prepaid expenditure/advances is written-off during the period of disbursement.

The recognized “modification” is as follows:

1. Invoices for goods and services which are outstanding on the date of the closure of the fiscal year are recognized as liabilities for that specific fiscal year;
2. Loans and advances are recognized as assets/liabilities at the time of disbursement and related interest is recognized only when disbursed. Interest payable on public debt is accrued; and
3. Book balances denominated in foreign currencies are converted into the Rwanda Francs at rates of exchange ruling on that date issued by the National Bank of Rwanda. The associated exchange losses are recorded as recurrent expenditure while the exchange gains are recorded as recurrent revenue.

b) Reporting entity

The financial statements are for **African Center of Excellence in Energy for Sustainable Development (ACEESD)**.

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c) Presentation currency

The functional and reporting currency for financial statements is Rwanda Francs. Foreign currency transactions are translated into Rwandan Francs using the exchange rates prevailing at the dates of the transactions. Foreign missions and entities that deal in foreign currencies translate the transactions at average monthly exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions are treated as income and expense. At the balance sheet date, book balances denominated in foreign currencies are converted into Rwandan Francs at the exchange ruling on that date as issued by BNR.

d) Revenue

Revenue represents cash received by the entity during the financial year and comprises Taxes, Grants received and Non-Tax Revenue.

- **Inter-entity transfers from other Government reporting agency**

These are funds received from another reporting agency (Ministry, Agency, Development Project or a subsidiary entity that is required to submit financial report to MINECOFIN and are therefore consolidated independently). These funds should be in form of budget support.

- **Other income**

Other income includes voluntary transfers other than grants in form of foods, medical, supplies relief contributions and gifts of capital items. It also include miscellaneous income such as refunds, deductions, scholarship recovery, gain of currency exchange and transactions, proceeds from sale of small items and equipment and funds received from repayment of car loans as well as unidentified revenue.

- **Proceeds from borrowings**

Borrowings includes external and domestic loans received from development partners.

e) Expenditure

The main categories of expenditure includes use of goods and services and capital expenditure. Apart from points of modification which are mentioned clearly in the Ministerial Instructions, expenditure is recognized when payment is made.

f) Cash

Cash comprises cash and bank balances.



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g) Accounts payable

These mainly relate to invoices for goods and services which were outstanding on the date of the closure of the fiscal year. They also include commitments arising from non-cancellable contractual or statutory obligations. These are recognized as liabilities for that specific fiscal year. This also relate to loans and advances to the institution which are recognized as liabilities at the time of disbursement.

h) Prior year adjustments

Prior year adjustments consist of different adjustments made to consolidated report of prior year.

2. Transfers from other Government reporting entities

During the 12 months to 30 June 2019, the Project received transfers from Government reporting agencies as detailed below:

ID ACCOUNT	Description	12 months to 30 June 2019	12 months to 30 June 2018
		Frw	Frw
139104+	Transfers from central Government entities		
139204			
139112	University of Rwanda	69,897,000	-
	Total	69,897,000	-

In addition to this the centre expect to receive **Frw 15,235,000** that were transferred to college of College of Science and Technology in April 2018, when ACEESD did not have a collection account. These funds were for tuition and registration fees.

3. Other revenue

During the 12 months to 30 June 2019, the Project received funds from various other sources as detailed in the table below:

ID ACCOUNT	Description	12 months to 30 June 2019	12 months to 30 June 2018
		Frw	Frw
144	Administration fees	-	1,425,000
145	Gain of currency exchange translations	21,081,482.05	24,801,294
145	Unidentified revenue	342,901.83	-
	Total	21,424,383.88	26,226,294

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4. Proceeds from borrowings

ID AC CO UN T	Name of lender	Date recei ved	Amount in disbursemen t in original loan currency	Amount in disburse ment currency	Exchan ge rate	12 months to 30 June 2019	12 months to 30 June 2018
			(SDR)	(USD)		(Frw)	
			(A)	(B)	(C)	D=(B*C)	
162	Borrowings- Cash						
	World Bank	13/5/2019	366,523.69	511,000	883.972	451,709,692	-
	World Bank	13/5/2019	265,566.38	370,101	883.972	327,158,921.17	
	Total		632,090.07	881,101		778,868,613.17	-

5. Use of goods and services

During the 12 months to 30 June 2019, the Project consumed goods and services as detailed in the table below:

ID ACCOUNT	Description	12 months to 30 June 2019	12 months to 30 June 2018
		Frw	Frw
221	General Services	10,227,304	7,413,528
222	Professional, Research services	73,397,464.01	34,837,156
223	Transport and travel	48,513,818.72	36,530,058
224	Maintenance, Repairs and Spare Parts	35,955,002.86	32,917,313
226	Training Costs	7,435,410.14	40,487,010
	Total	175,528,999.73	152,185,065

6. Other expenses

During the 12 months to 30 June 2019, the Project incurred various other expenditures as detailed in the table below:

ID ACCOUNT	Description	12 months to 30 June 2019	12 months to 30 June 2018
		Frw	Frw
285	Miscellaneous Expense	-	38,850
288	Other elsewhere classified Education scholarships	68,606,007.14	-
288	Student Living Allowances	110,821,964.02	33,103,424
	Total	179,427,971.16	33,142,274

AFRICAN CENTER OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

7. Capital expenditure

During the 12 months to 30 June 2019, the Project incurred capital expenditure as detailed in the table below:

ID ACCOUNT	Description	12 months to 30 June 2019	12 months to 30 June 2018
		Frw	Frw
231	Acquisition of tangible fixed assets	453,547,125.95	71,266,860
	Total	453,547,125.95	71,266,860

8. Bank balances

The bank amounts shown in the table below have been reconciled to the bank statements as 30 June 2019.

ID ACCOUNT	Bank name	Account No.	Account currency	Amount in foreign currency	Exch. rate	Balance as at 30 June 2019	Balance as at 30 June 2018
				USD		Frw	Frw
				A	B	C=A*B	
311415	URACEESD	1000028138	USD	849,418.43	898.28344	763,018,509	679,438,024
		07744799-76	USD	153.93	898.28344	138,273.31	-
		07744798-75	RWF			70,508,063	-
	Total					833,664,845.31	679,438,024

9. Accounts Receivable

ID ACCOUNT	Creditor's name	Balance as at 30 June 2019	Balance as at 30 June 2018
		Frw	Frw
3124 + 3224	Intra-Government Debtors (Government reporting entities)		
	UR - College of Business and Economics	1,425,000	1,425,000
	Total	1,425,000	1,425,000

AFRICAN CENTER OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
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10. Accounts payable

The following were the accounts payable as at 30 June 2019:

ID ACCOUNT	Creditor's name	Balance as at 30 June 2019	Balance as at 30 June 2018
		Frw	Frw
4121 + 4221	Accounts payable – third parties		
	FYDES	(8,908)	(8,908)
	MAGASIN KAJAL	596,855	596,855
	RWANDAIR	551,244	551,244
	MTN	80,000	80,000
	OAMA EMILY	1,684,009	1,684,009
	COMPUTER POINT	1,957,950	1,957,950
	COMPUTER POINT	460,991	460,991
	VIRUNGA HOTEL	711,306	711,306
	KATUNDU	1,388,930	1,388,930
	UNIVERSITY OF RWANDA	501,085	501,085
	BAHORANIMANA BERNABE	450,565	450,565
	SORAS	49,725	49,725
	NDUWAMUNDUNAFROSID	139,200	139,200
	RTTA	137,000	0
	RTTA	548,000	0
	UBUZIMA RESTAURANT	173,900	0
	RTTA	548,000	0
	TPGL	285,200	0
	UBUZIMA RESTAURANT	319,200	0
	HAPPY DAY RESTAURANT	86,400	0
	RETURNED PAYMENT	247,773	0
	WTH PAYABLE	68,464,291.10	0
	PAYABLE OF UR-SPIU BASKET	21,731,158	0
	Total	101,103,874.10	8,562,952

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11. Accumulated surplus from previous years

These include cash book reconciled bank balances, petty cash balances, accounts receivable as well accounts payable balances existing at the beginning of the year.

ID ACCOUNT	Description	Closing balances submitted for consolidation	Adjustments	Restated closing balances
		Frw	Frw	Frw
511101	Bank balances	679,438,024	-	679,438,024
511101	Cash balances	-	-	-
511102	Accounts receivable	1,425,000	-	1,425,000
511103	Accounts payable	(8,562,952)	-	(8,562,952)
	Total	672,300,072	-	672,300,072

12. Prior year adjustments

The following are the prior year adjustments to opening balances:

Description	Notes	As at 30 June 2019	As at 30 June 2018
		Frw	Frw
Accounts receivable		-	-
Accounts payable	1	-	1,140,575
Total		-	1,140,575

Note 1: Adjustments on accounts payable

Adjustments made on accounts payable are explained below:

Description	As at 30 June 2019	As at 30 June 2018
	Frw	Frw
Payables	-	1,140,575
Total	0	1,140,575

Adjustments explained above have been made in line with audit recommendations and other proposed adjustments and these have been approved by the CBM. Approved journal vouchers supporting every adjusting transaction have been properly documented.

AFRICAN CENTER OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

13. Changes in accounts payable

These comprise of changes in accounts payable from previous year to this year. Once the changes in accounts payable are concerned, the positive change implies more cash inflows whereas the negative trend of accounts payable implies the cash flowing outside the project.

Below is the movement within accounts payable

Description	Balance as at 30 June 2019	Movement during the current year	Balance as at 30 June 2018	Movement during the previous year
	Frw	Frw	Frw	Frw
Movement in accounts payable	101,103,874.10	92,540,922.10	8,562,952	8,562,952
Total	101,103,874.10	92,540,922.10	8,562,952	8,562,952

14. Cash and cash equivalents

These comprise of bank and cash balances as at the year end

Description	Balance as at 30 June 2019	Balance as at 30 June 2018
	Frw	Frw
Bank balances	833,664,845.31	679,438,024
Total	833,664,845.31	679,438,024

15. Important disclosures

15.1 Undrawn loan balance

The following are the disbursed and undisbursed loan balances as at 30 June 2019. The drawn balances have already been included as income during the previous periods:

Source of funds	Commitment	Cumulative amount received to date (June 2019)	Cumulative amount received to date (June 2019)	Undrawn balance to date (June 2019)	*Undrawn balance to date (June 2019)
	(A)	(B)	(C)	$D=(A)-(B)$	$E=(D*898.28344)$
Loan	(USD)	(USD)	(Frw)	(USD)	(Frw)
World Bank	5,500,000	1,973,429	1,681,341,381.17	3,526,571	3,167,860,329
Total	5,500,000	1,973,429	1,681,341,381.17	3,526,571	3,167,860,329

*Undrawn balance of USD as at 30 June 2019 was translated into Frw using BNR rate that existed on 30 June 2019 which is 1USD=Frw 898.28344.

DETAILED AUDIT FINDINGS

5. REVIEW OF BANK BALANCE

5.1 Limitation in re-performing bank reconciliation

Observation

The review of General Ledger provided for audit purposes revealed that there was no proper books of account maintained through the system. This was evidenced by the fact that the general ledger provided for audit shows that all transactions of the year have occurred from 20 December 2018 to 18 November 2019 instead of 01 July 2018 to 30 June 2019. With this, it is difficult to know the cashbook balance at any date and to re-perform bank reconciliation in period ended 30 June 2019. This is an indicator that the recording of accounting transactions and preparation of bank reconciliation statements were done subsequently to the year under review with delay.

Discussion with management revealed that bank accounts were not linked with the accounting system in place (*Integrated Education Business Management Information Systems/IEBMIS*). As such, this new system could not recognize the actual date of transaction, instead it recognised the date of recording.

Risks

Failure to link bank accounts with general ledger make it difficult to perform bank reconciliation from the system timely. Therefore, the cashbook balances used in performing bank reconciliation provided could not be ascertained and the bank reconciliations could not be re-performed. Hence, the accuracy and completeness of balances in ACE-IoT books of account could not be confirmed.

Recommendations

Going forward, management in collaboration with the system developer of UR should follow up to ensure system is linked with bank accounts to facilitate timely recording of transactions and performance of the monthly bank reconciliation.

Management comment

This was due to the fact that during the year 2018/2019 the UR started using a new financial management system- Integrated Education Business Management Information Systems (IEBMIS) and staff are still undergoing training on this new system. Going forward the challenges are being addressed in collaboration with the service provider.

AFRICAN CENTER OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

6. REVIEW OF ACCOUNTS PAYABLE

6.1 Unsupported Payables

Observation

The review of payables as at 30 June 2019 noted that they included payables amounting to **Frw 4,636,683**. However, no supporting documents provided to confirm the authenticity and accuracy of these payable balances reported.

This contrary to the article 103 of Ministerial Order N°001/16/10/TC of 26/01/2016 relating to financial regulations which states that all public entities shall maintain their accounting and financial records, with all their supporting attachments safely for a period of at least ten (10) years from the beginning of the first financial year in which the transaction was completed, unless otherwise prescribed by the Minister. *See details in table below;*

S/n	Account	Description	Amount in Frw
1.	4121-4221	MAGASIN KAJAL	596,855
2.		RWANDAIR	551,244
3.		VIRUNGA HOTEL	711,306
4.		KATUNDU	1,388,930
5.		UNIVERSITY OF RWANDA	501,085
6.		BAHORANIMANA BERNABE	450,565
7.		SORAS/ NDUWAMUNDUNAFROSID	49,725
8.		NDUWAMUNDUNAFROSID	139,200
9.		RETURNED PAYMENT	247,773
		Total	4,636,683

Risk

Absence of verifiable supporting documents makes it is difficult to confirm whether these payables reported were genuine.

Recommendations

Management should ensure that all reported balances are supported by verifiable and reliable supporting documents. In addition, these supporting documents should be properly kept for future reference.

Management comments

Observation noted, after the review of reported payable list, the auditors included the payable of Nduwamungu Aphrodis and SORAS. The supporting documents are available.

The remaining Payables, ACE-ESD has written to all suppliers to confirm if the Centre owes them any funds.

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AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2019**

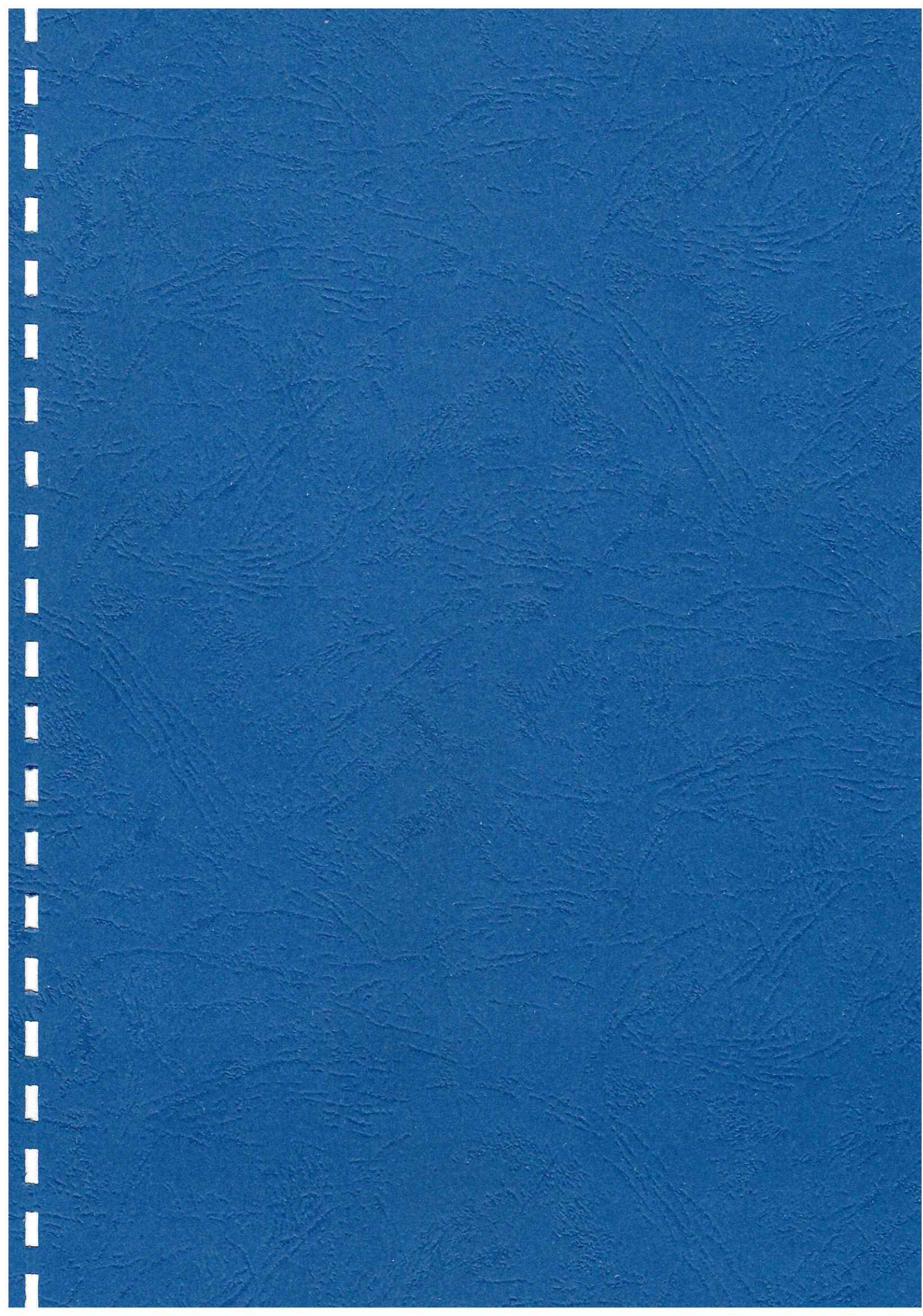
Auditor's comments

The supporting documents availed by management showed that the above payables for Nduwamungu Aphrodis and SORAS had been paid on 26/07/2018 and are stamped with mentioned "paid". This means that they should not appear in books of account of ACEESD as payables as at 30/06/2019. Therefore, it is difficult to confirm whether the availed documents related to these payables.

Further, there was no proof provided to confirm that management of the Center has written to concerned supplier, requesting them to confirm that ACEESD owes them any money.

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100



**AFRICAN CENTRE OF EXCELLENCE IN
ENERGY FOR SUSTAINABLE
DEVELOPMENT (ACEESD)**

COMPLIANCE AUDIT REPORT

For the year ended 30 June 2019

**AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE
DEVELOPMENT (ACEESD)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2019**

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AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019

1. INTRODUCTION

1.1 Project information

The table below summarizes the key project information:

Project Start Date:	The project approval date is 26 May 2016
	The project signature of agreement date is 17 June 2016
	The project effectiveness date is 15 September 2016
Project End Date:	The project last disbursement date is 30 June 2022
	The project expected completion date is 31 December 2022
Project budget by donor	World Bank: USD 5.5 Million
Total cost of the project	USD 5.5 Million
Implementing Budget Agency	University of Rwanda

1.2 Project overview

Line Agency of the project	University of Rwanda
Strategic goals/objectives of the project	The objective of this project is to result in building capacity of the East and Southern African region through the University of Rwanda, College of Science and Technology to undertake interdisciplinary research and training in smart and micro-grid energy technologies tailored to serve remote and/or rural areas using renewable sources, power systems and energy management and trade policy, train 40 PhD and 120 MSc energy experts and improve research and teaching environment.
Main component of the projects	The main component of the project is to create a world-class energy centre that will be a regional hub for research and training of African engineers, policy makers and energy utility managers (in micro-grid energy systems using renewable energy sources and interstate energy trading, management and policy); contribute to rural development through technology transfer; and nurture and promote entrepreneurship development in the energy sector towards sustainable development.
Outputs of the projects	1. To provide national and regional capacity-building (MSc & PhD) for the establishment and implementation of energy systems using local energy sources and appropriate technologies to cover energy needs for sustainable development.

2 2 2

AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019

	<p>2. To develop and transfer appropriate energy technologies for sustainable development at the national and regional levels;</p> <p>3. To contribute and strengthen cooperation between industry and academia in the field of clean energy.</p> <p>4. To provide energy research, consultancy and advisory services to both public and private organizations at national, regional and international levels;</p> <p>5. To provide policy development skills training for students, policy-makers and utility managers aimed at building policy and monitoring capacity in the region which is critical for effective interconnection of energy systems.</p>																																																												
<p>Programs offered by the African Center of Excellence in Energy for Sustainable Development</p>	<p>The following tables below shows the number, category of students and their intakes of students</p> <table><tr><th>Qualification name</th><th>Total</th><th>2017-2018</th><th>2018-2019</th><th>2019-2020</th></tr><tr><td></td><td>A=B+C+D</td><td>B</td><td>C</td><td>D</td></tr><tr><td colspan="5">PHD</td></tr><tr><td>Electrical Power Systems</td><td>14</td><td>12</td><td>1</td><td>1</td></tr><tr><td>Energy Economics</td><td>7</td><td>7</td><td>-</td><td>-</td></tr><tr><td>Renewable Energy</td><td>19</td><td>14</td><td>3</td><td>2</td></tr><tr><td>Total</td><td>40</td><td>33</td><td>4</td><td>3</td></tr><tr><td colspan="5">MSC</td></tr><tr><td>Electrical Power Systems</td><td>17</td><td>-</td><td>17</td><td>-</td></tr><tr><td>Energy Economics</td><td>13</td><td>-</td><td>13</td><td>-</td></tr><tr><td>Renewable Energy</td><td>15</td><td>-</td><td>15</td><td>-</td></tr><tr><td>Total</td><td>45</td><td>-</td><td>45</td><td>-</td></tr></table>	Qualification name	Total	2017-2018	2018-2019	2019-2020		A=B+C+D	B	C	D	PHD					Electrical Power Systems	14	12	1	1	Energy Economics	7	7	-	-	Renewable Energy	19	14	3	2	Total	40	33	4	3	MSC					Electrical Power Systems	17	-	17	-	Energy Economics	13	-	13	-	Renewable Energy	15	-	15	-	Total	45	-	45	-
Qualification name	Total	2017-2018	2018-2019	2019-2020																																																									
	A=B+C+D	B	C	D																																																									
PHD																																																													
Electrical Power Systems	14	12	1	1																																																									
Energy Economics	7	7	-	-																																																									
Renewable Energy	19	14	3	2																																																									
Total	40	33	4	3																																																									
MSC																																																													
Electrical Power Systems	17	-	17	-																																																									
Energy Economics	13	-	13	-																																																									
Renewable Energy	15	-	15	-																																																									
Total	45	-	45	-																																																									

1.3 Registered office

The entity is domiciled in Kigali, Rwanda. The address of its registered office is:
University of Rwanda, College of Sciences and Technology.
Kigali, Rwanda

1.4 Bankers

The following are the bankers for the current year:

National Bank of Rwanda.
Bank of Kigali

1.5 Auditors

The Project is audited by the Office of the Auditor General.

AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019

1.6 Center Management Team

The management team that held office during the year ended 30 June 2019 are included in the table below:

#	Name	Position	Phone number
1	Françoise KAYITARE TENGERA	Deputy Vice Chancellor For Finance	(+250)788405859
2	Prof. Nelson IJUMBA	DVC for Academic Affairs and Research/University of Rwanda	(+250)783109848
3	Dr Ignace GATARE	Principal-College of Science and Technology/University of Rwanda	(+250)788300083
4	Prof. Etienne NTAGWIRUMUGARA	Centre Director	(+250)788353874
5	Dr. Charles KABIRI	Deputy Centre Director	(+250)788632090
6	Immaculate BUGINGO	UR SPIU Coordinator	(+250)788750114
7	Maurice Kanamugire Phabian	Ag. UR SPIU DAF currently	(+250)788534233
8	Beline MUKARWEGO	Centre Monitoring & Evaluation Officer	(+250)788502945
9	Landuard KIRIKIRI	Centre Administrator	(+250)788618490
10	Thereza Caritase GASENGAYIRE	Accountant from 04/03/2019	(+250)788459630
11	Samuel NIZEYIMANA	UR SPIU DAF up to 31 March 2019	(+250)788455332
12	Leandre NGIRUWONSANGA	Accountant up to 30/11/2018	(+250)782030584

1.7 Funding Summary

The Project is for duration of 5 years from 2016 to 2022 with an approved budget of **USD 5,500,000** as highlighted in the table below:

Source of funds	Commitment	Cumulative amount received to date (June 2019) (B)	Cumulative amount received to date (June 2019) (C)	Undrawn balance to date (June 2019)	*Undrawn balance to date (June 2019) E=
	(A)			D=(A)-(B)	(D*898.28344)
	(in USD)	(in USD)	(in Frw)	(in USD)	(in Frw)
Loan					
World Bank	5,500,000	1,973,429	1,681,341,381.17	3,526,571	3,167,860,329
Total	5,500,000	1,973,429	1,681,341,381.17	3,526,571	3,167,860,329

*Undrawn balance of USD as at 30 June 2019 was translated into Frw using BNR rate that existed on 30 June 2019 which is 1USD=Frw 898.28344.

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AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019

2. STATEMENT OF MANAGEMENT RESPONSIBILITIES

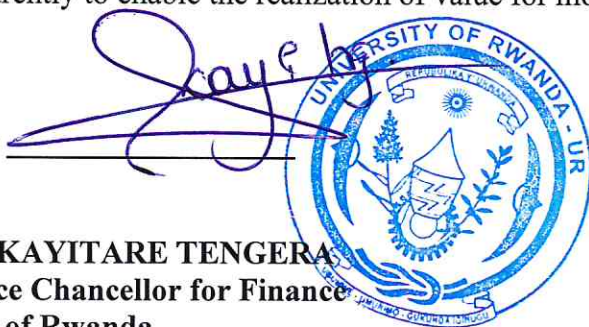
Article 66 of the Organic Law No. 12/2013 of 12/09/2013 on State Finances and Property requires budget agencies to prepare and submit to the Ministry annual financial statements in a period of one month from the end of the fiscal year and submit their annual financial statements to the Auditor General of State Finances not later than 30th September of the following fiscal year.

Article 19 of the Organic Law N° 12/2013 further stipulates that the Chief Budget Manager is responsible for maintaining accounts and records of the budget agency, preparing reports on budget execution, managing revenues and expenditures, preparing, maintaining and coordinating the use of financial plans, managing the financial resources for the budget agency effectively, efficiently and transparently, ensuring sound internal control systems in the budget agency and safeguarding the public property held by the budget agency.

As Chief Budget Manager, I accept responsibility for complying with all the provisions of the Organic Law, applicable public financial management regulations and other laws relating to public finance in incurring expenditure and managing the financial resources for **African Centre of Excellence in Energy for Sustainable Development (ACEESD)** effectively, efficiently and transparently as determined by Article 19 of the Organic Law No. 12/2013 of 12/09/2013 on State Finances and Property.

In my opinion, **African Centre of Excellence in Energy for Sustainable Development (ACEESD)** Project complied with all applicable laws, regulations and guidelines in incurring expenditure and I further confirm that financial resources were managed effectively, efficiently and transparently to enable the realization of value for money for public funds.

Signature: _____



Françoise KAYITARE TENGERA
Deputy Vice Chancellor for Finance
University of Rwanda

Date: 17th January 2020

3. REPORT OF THE AUDITOR GENERAL

REPORT ON COMPLIANCE

Françoise Kayitare Tengera
Deputy Vice Chancellor for Finance
University of Rwanda

3.1 Opinions

In accordance with the Article 165 of the Constitution of the Republic of Rwanda of 2003 revised in 2015, and Articles 6 and 14 of Law n° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I carried out a compliance audit on whether ACEESD complied with applicable laws, regulations, guidelines and realized value for money in incurring expenditure for the year ended 30 June 2019 evaluated against the compliance with laws, regulations and guidelines regulating public expenditure. The evidence obtained is sufficient and appropriate to provide a basis for my opinion that ACEESD complied in all material respects, with applicable laws, regulations, and guidelines and realized value for money in incurring expenditure. The opinions I expressed are described below:

3.1.1 Qualified opinion on compliance with applicable laws, regulations and guidelines regulating public spending

In my opinion, based on audit work performed, **except for** the effect of the matter (s) described in the basis for qualified opinion section 3.2.1 of my report paragraph (1) and (2) below, **African Centre of Excellence in Energy for Sustainable Development (ACEESD) Project** complied, in all material respects with applicable laws, regulations and guidelines regulating public spending in incurring expenditure for year ended 30 June 2019.

3.1.2 Unqualified opinion on realization of value for money in utilization of public funds

In my opinion, based on audit work performed, **African Centre of Excellence in Energy for Sustainable Development (ACEESD) Project** complied, in all material respects with applicable laws, regulations and guidelines to realize value for money in utilization of public funds for year ended 30 June 2019.

3.2 Basis for Opinion

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of ACEESD and have fulfilled my ethical responsibilities in accordance with the ethical requirements that are relevant to my audit of public entities as determined by the Code of ethics for International Organization of Supreme Audit Institutions (INTOSAI). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions on whether the entity complied with applicable laws, regulations and guidelines regulating public spending and realized value for money in incurring expenditure.



AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019

3.2.1 Basis for Qualified opinion on compliance with applicable laws, regulations and guidelines regulating public spending

REVIEW OF COMPLIANCE WITH TERMS AND CONDITIONS OF DEVELOPMENT PARTNERS' FUNDING AGREEMENTS

1) Slow pace of disbursement of project funds

On 17th June 2016 the Republic of Rwanda ("**Recipient**") and International Development Association ("**Association**") signed a financing agreement (No 5796RW) for the Eastern and Southern African Higher Education Centres of excellence Project- ACE II project. The Association availed a credit amounting to **SDR 14,500,000** (Special Drawing Right) equivalent to **USD 20,000,000** to strengthen selected Eastern and Southern African Higher Education institutions.

Under this financing agreement, the African Center of Excellence in Energy Sustainable Development (ACEESD) was allocated a total budget of **USD 5,500,000** to be disbursed within five (5) years from January 2017 to December 2022.

Review of implementation of project activities of this Center revealed that there is slow pace of disbursement of the above loan amount. This is evidenced by the fact that, out of total amount of **USD 3,488,351** that should have been disbursed within three years only **USD 2,488,601.27** representing **71.34%** was disbursed by August 2019

Consequently, slow pace of disbursement could be an indicator that ACE-ESD is achieving its results as expected, since disbursement of funds is done on achieved results basis. There is a risk that the project will not withdraw all the remaining portion within the agreed time hence projects activities may not be attained as planned. **Refer to section 5.1.1**

REVIEW OF COMPLIANCE WITH TAX LAWS AND REGULATIONS

2) Significant delay to remit the withholding tax deducted from supplier invoice to RRA

The article 25 of the law n°37/2012 of 09/11/2012 establishing the value added tax which states that within fifteen (15) days after the end of the period of the value added tax, a registered taxpayer must submit value added tax declaration, in accordance with forms and formalities determined by the Commissioner General.

Contrary to this requirement on 20 June 2018, University of Rwanda signed a contract with Lucas Nulle GmbH for acquisition /supply of laboratory equipment and chemicals. The contract amount and currency was **Euro 827,174.47** all taxes inclusive. The contract was divided into 2 phases as (Batch 1: **529,786.27 Euros** and Batch 2: **297,388.20 Euros**). The delivery period was 60 days after the signature of the contract for batch 1 and 60 days after the issuance date of purchase order.

However, the audit noted that on 23 November 2018, ACE ESD/UR paid Lucas Nulle GmbH the net invoice amount of **Frw 362,471,678**, deducted withholding tax amounting **Frw 67,761,114** (EUR 67,755.08*1000.04) and delayed for remittance of that tax to RRA. The

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deducted withholding tax was paid on 30/12/2019 with a delay of **402 days** counted from day of payment of invoice on 23 November 2018.

Consequently, there is a risk that the ACEESD will pay to RRA interests and penalties for delay of payment of due taxes. **Refer to section 5.2.1 for details**

3.3 Management's responsibility for compliance

The Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property specifies that management of **African Centre of Excellence in Energy for Sustainable Development (ACEESD) Project** is responsible for ensuring compliance with all the provisions of the Organic Law, applicable public financial management regulations and other laws relating to public finance, to manage economically, effectively, efficiently and in a transparent manner, all the public funds in accordance with relevant legal provisions.

3.4 Auditor General's responsibility for compliance

Article 166 of the Constitution of the Republic of Rwanda of 2003 as revised in 2015, requires the Auditor General to confirm that:

- Expenditure incurred was necessary and in conformity with the laws and regulations in force and sound management;
- Controls to safeguard the receipt, custody and proper use of public funds were put in place and that the laws and regulations in force were duly observed to prevent misappropriation of public funds; and
- ACEESD acquired and utilized human, material and financial resources economically, efficiently and effectively to prevent squandering of public funds.

My responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the above provisions of the Constitution implemented through Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property and other existing laws and regulations relating to public financial management in Rwanda. This responsibility includes performing procedures to obtain audit evidence about whether the entity's expenditure was incurred in accordance with applicable laws, regulations and guidelines and whether value for money was realized in utilization of public funds. Such procedures include the assessment of the risks of material non-compliance.

BIRARO R. Obadiha
AUDITOR GENERAL
KIGALI


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4 DESCRIPTION OF THE SUBJECT MATTERS AND SCOPE

In accordance with the mandate vested in the Office of the Auditor General under Article 165 of the Constitution of the Republic of Rwanda of 4 June 2003, revised in 2015, and Articles 6 and 14 of Law n° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I carried out a compliance audit on whether the **African Centre of Excellence in Energy for Sustainable Development (ACEESD)** complied with laws, regulations and guidelines regulating public spending in incurring expenditure for the year ended 30 June 2019. I also evaluated whether ACEESD realized value for money in utilization of public funds for the year ended 30 June 2019.

4.1 Audit Objective

Article 166 of the Constitution of the Republic of Rwanda of 2003 as revised in 2015 and article 6 of Law n°79/2013 of 11/09/2013 determining the mission, organization and functioning of the OAG, require the Auditor General to confirm that:

- Expenditure incurred was necessary and in conformity with the laws and regulations in force and sound management;
- Controls to safeguard the receipt, custody and proper use of public funds were put in place and that the laws and regulations in force were duly observed to prevent misappropriation of public funds; and
- ACEESD acquired and utilized human, material and financial resources economically, efficiently and effectively to prevent squandering of public funds.

I conducted compliance audit to confirm whether ACEESD complied with applicable laws, regulations and guidelines regulating public spending in incurring expenditure and realized value for money in utilization of public funds.

4.2 Audit Criteria

Criteria refer to relevant acts /laws or resolutions of the legislature and guidance issued by the competent public authorities, with which the audited entity is expected to comply. The following are applicable criteria:

4.2.1 Compliance with applicable laws, regulations regulating public expenditure

- Funding agreement between the project and World Bank signed on 17 June 2016 between the Government of Rwanda and World Bank ;
- Law no 016/2018 of 13/04/2018 establishing taxes on Income;
- Law No 003/2016 of 30/03/2016 governing maternity leave benefit scheme;
- Ministerial Order N° 03/MIFOTRA/15 of 09/06/2015 determining modalities for recruiting contractual staff in public service;
- UR financial management procedures manual approved on 3rd April 2014;
- Ministerial order no 001/14/10/TC of 19/02/2014 establishing regulations on public procurement, standard bidding documents and standard contracts;
- Law n° 05/2013 of 13/02/2013 modifying and completing the law n°12/2007 of 27/03/2007 on public procurement;

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- Law N° 37/2012 of 09/11/2012 establishing the value added tax;
- Presidential Order N° 46/01 of 26/07/2011 governing modalities for the recruitment, appointment and nomination of Public Servants; Law No 86/2013 of 11/09/2013 establishing the general statutes for public service;
- law N° 24/2010 of 28/05/2010 modifying and complementing law n° 16/2005 of 18/08/2005 on direct taxes on income;
- Law n°12/2007 of 27/03/2007 on public procurement;
- Law n° 25/2005 of 04/12/2005 on tax procedures;
- Law n° 24/2001 of 27/04/2001 on the establishment, organization and functioning of a health insurance scheme for Government employees;

4.2.2. Realizing value for money in utilization of public funds

- Ministerial Order No 001/16/10/TC of 26/01/2016 relating to financial regulations;
- Contracts signed between ACEESD and the suppliers.

4.3. Summary of Work Performed and Methods

To obtain sufficient and appropriate audit evidence on which I based on to express an opinion, I used different techniques in gathering evidence namely; inquires, inspection of documents, inspection of fixed assets or constructed infrastructure and re-computation.

Meaning of methods of gathering audit evidence

Inquiries: This method of gathering evidence involves seeking information from relevant persons, both within and outside the audited entity, and may include: Formal written inquiries; informal oral discussions; interviewing and asking questions of relevant persons, including experts; and preparing and sending questionnaires or surveys.

Inspection of documents: This method involves the examination of documents and records, both internal and external, in paper, electronic or other forms.

Inspection of fixed assets or constructed infrastructure: This method involves examining an asset or constructed infrastructure to determine its physical condition, its use and applicable required asset's specifications.

Re-computation: This method consists of confirming the mathematical accuracy of documents or records.

DETAILED AUDIT FINDINGS PER SUBJECT MATTER

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5. COMPLIANCE WITH LAWS, REGULATIONS AND GUIDELINES REGULATING PUBLIC SPENDING

5.1 REVIEW OF COMPLIANCE WITH TERMS AND CONDITIONS OF DEVELOPMENT PARTNERS' FUNDING AGREEMENTS

5.1.1 Slow pace of disbursement of project funds

Observation

On 17th June 2016 the Republic of Rwanda ("**Recipient**") and International Development Association ("**Association**") signed a financing agreement (No 5796RW) for the Eastern and Southern African Higher Education Centres of excellence Project- ACE II project. The Association availed a credit amounting to **SDR 14,500,000** (Special Drawing Right) equivalent to **USD 20,000,000** to strengthen selected Eastern and Southern African Higher Education institutions.

Under this financing agreement, the African Center of Excellence in Energy Sustainable Development (ACEESD) was allocated a total budget of **USD 5,500,000** to be disbursed within five (5) years from January 2017 to December 2022.

Review of implementation of project activities of this Center revealed that there is slow pace of disbursement of the above loan amount. This is evidenced by the fact that, out of total amount of **USD 3,488,351** that should have been disbursed within three years only **USD 2,488,601.27** representing **71.34%** was disbursed by August 2019. *See details in the table below:*

Date of disbursement	Years	Planned annual disbursement	Actual annual disbursement	Disbursement rate
		USD	USD	%
21/04/2017	2017	1,383,157	1,100,000	79.53
n/a	2018	1,083,197	0	0%
13/05/2019	2019	1,021,997	370,101.27	135.87%
13/05/2019			511,000	
14/08/2019			507,500	
		3,488,351	2,488,601.27	71.34

Discussion with management did not reveal any documented reason for this slow pace of absorption of the project funds.

Risks

- The slow pace of disbursement could be an indicator that ACE-ESD is achieving its results as expected, since disbursement of funds is done on achieved results basis. Hence, there is risk that the project will not be able to withdraw all the remaining portion of the funds allocated to the Project within agreed time.
- Consequently, all the project activities may not be implemented within the planned time frame, which poses a high risk of not attaining project objectives as planned.

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Recommendation

The Project's Management should devise an appropriate strategy to enable it to absorb the project funds. This will require to implement timely the project activities and also to achieve expected results.

Management comments

The observation is noted. This was due to verification of achieved results which is not linked to the year under review. However, currently the result for verification for non- student indicators of USD 175,000 and USD 95,000 were approved on 26 November 2019. The Centre is also expecting to receive USD 825,000 from external generation which is currently under verification.

5.1.2 REVIEW OF CORPORATE GOVERNANCE

5.1.2.1 Lack of International Scientific Advisory Board for ACEESD

Observation

According to ACE-ESD implementation plans, ACE-ESD should have an International Scientific Advisory Board to advise the Center leader and management. However, no evidence was provided to confirm that this Board exist and started operating as planned. It is worth nothing that this issue had been highlighted in prior audit report for year ended 30 June 2018. Management did not provide the reason this board did not established.

Risk

Lack of functioning International Scientific Advisory Board denies the ACE-ESD from benefiting from its envisaged oversight and strategic direction, which may negatively affect the performance of the Center.

Recommendation

ACE-ESD should ensure that the Advisory Board is established and that it independently discusses affairs of the Center and provide strategic direction and oversight for activities of ACE-ESD.

Management comment

Observation is noted. The Advisory Board will be established and perform its mandate as required.



5.2 REVIEW OF COMPLIANCE WITH TAX LAWS AND REGULATIONS

5.2.1 Significant delay to remit the withholding tax deducted from supplier invoice to RRA

Observation

The article 25 of the law n°37/2012 of 09/11/2012 establishing the value added tax which states that within fifteen (15) days after the end of the period of the value added tax, a registered taxpayer must submit value added tax declaration, in accordance with forms and formalities determined by the Commissioner General.

Contrary to this requirement on 20 June 2018, University of Rwanda signed a contract with Lucas Nulle GmbH for acquisition /supply of laboratory equipment and chemicals. The contract amount and currency was **Euro 827,174.47** all taxes inclusive. The contract was divided into 2 phases as (Batch 1: **529,786.27 Euros** and Batch 2: **297,388.20 Euros**). The delivery period was 60 days after the signature of the contract for batch 1 and 60 days after the issuance date of purchase order.

However, the audit noted that on 23 November 2018, ACE ESD/UR paid Lucas Nulle GmbH the net invoice amount of **Frw 362,471,678**, deducted withholding tax amounting **Frw 67,761,114 (EUR 67,755.08*1000.04)** and delayed for remittance of that tax to RRA. The deducted withholding tax was paid on 30/12/2019 with a delay of **402 days** counted from day of payment of invoice on 23 November 2018.

Discussion with management did not reveal documented reason for this non-compliance with tax regulations.

Risk

There is a risk that the ACEESD will pay to RRA interests and penalties for delay of payment of due taxes.

Recommendation

ACEESD Management should always ensure that all taxes deducted on supplier invoices are timely remitted to RRA.

Management comment

Observation is noted and taxes were paid. Currently, timely remittance of taxes is being ensured.

6 REALIZATION OF VALUE FOR MONEY IN UTILIZATION OF PUBLIC FUNDS

6.1 REVIEW OF MANAGEMENT OF FIXED ASSETS

6.1.1 Lack of periodical physical verification of Assets

Observation

Article 74 under paragraph 4 of N°001/16/10/TC of 26/01/2016 requires to conduct periodic physical verification of public property against asset registers at least annually. Contrary to this requirement, there is no evidence provided by the ACEESD management to confirm whether periodical physical verification was conducted during the year ended 30 June 2019. Management did not provide the reason why the periodical physical verification of assets was not conducted.

Risks

In absence of periodical physical verification, any loss of fixed asset may not be easily detected and the physical location, condition and existence of available assets could not be ascertained. Hence, an increased risk of misuse and misappropriation of public assets.

Recommendations

- Periodical physical verification should be conducted to reconcile results from physical verification and fixed assets register. Any identified difference (s) should be investigated and resolved promptly.
- In addition, the physical condition of the assets should be regularly ascertained.

Management comments

Observations noted. The physical verification had been done only for period covering December 2018. Going forward, periodical physical verification of assets will be ensured annually.

6.1.2 Lack of maintenance/Repair plan of ACEESD damaged assets

Observation

During the physical inspection of fixed assets carried out on 18 December 2019, it was noted that there were twenty one (21) visitor chairs with the total costs of **Frw 420,000** at the Center which were damaged. Center management did not provide any rehabilitation plan for assets. *For more details, see the pictures below:*

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Visitor chairs damaged without any plan of their repair. Photo taken by OAG on 19 December 2019

Risks

- Without any quick action of maintenance and repair, the economic life of the visitor chairs may reduce and will continue to deteriorate.
- In addition, the center may not be realizing value for money from the funds invested in purchase of chairs.

Recommendation

The Center management should ensure that those chairs are quickly repaired and put to use.

Management comment

Recommendation is noted. Going forward, chairs will be repaired and put into use.

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7 IMPLEMENTATION OF PREVIOUS YEAR AUDIT RECOMMENDATIONS

7.1 Status of implementation of previous year audit recommendations

Observation

Article 69 of the Organic Law No. 12/2013/OL of 12 September 2013 on State Finances and Property states the Chief Budget Managers shall be responsible for implementing the recommendations of the Auditor General of State Finances aimed at improving the effective management and use of public funds. Contrary to this provision, an assessment of the status on the implementation of previous audit recommendations revealed that **90%** of the audit recommendations made in the previous audit were implemented while the remaining **10%** were not implemented. *See the summary in the table below:*

No	Particulars	N° of findings
1.	Total no. of recommendations issued in previous report	10
2.	No. of recommendations no longer applicable as time of current audit	0
3.	Total no. of recommendations that are still applicable	10
4.	No. of recommendations that have been fully implemented as at time of current audit	9
5.	No. of recommendations that have been partially implemented as at time of current audit:	0
6.	No. of recommendations not implemented as at time of current audit	1
7.	Percentage of previous findings implemented ((no. 4)/no. 3	90%
8.	Percentage of previous findings partially implemented (no. 5)/no. 3	0%
9.	Percentage of previous findings not implemented ((no. 6)/no. 3	10%

Detailed status on implementation of prior year audit recommendations is provided *in appendix 1*

Risks

Non-implementation of some of the previous audit recommendations results in persistence weaknesses in internal control systems and management of public funds and therefore the desired improvements may not be realized.

Recommendation

Management should ensure that proper action plan for implementation of current and prior year audit recommendations is put in place and followed up to ensure full implementation of audit recommendations as soon as practicable.

Management comment

Recommendation is noted. Going forward, proper action plan for implementation of current and prior year audit recommendations will be put in place and followed up to ensure audit recommendations are fully implemented.

APPENDIX

**AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
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Appendix 1: Status of implementations of previous audit recommendations

No	Particulars of paragraph	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	No longer applicable
	COMPLIANCE WITH LAWS, REGULATIONS AND GUIDELINES REGULATING PUBLIC SPENDING				
1	<p>Failure to award planned tenders</p> <p>Observation During the review of procurement plan and procurement report submitted to RPPA I noted one tender worth Frw 631,098,067 relating to supply of laboratory equipment (micro grid research labs) which was not awarded while it had been included in the approved annual procurement plan for the year ended 30 June 2018. I was not provided with documented reasons justifying the inability to award that tender.</p> <p>Recommendation Management should award planned tenders to achieve the intended objectives.</p>	✓ Currently the tender planned had been awarded			
2	<p>Failure to charge penalty for delay in execution</p> <p>Observation Article 51 of Law N° 05/2013 of 13/02/2013 modifying and completing the article 109 of Law n° 12/2007 of 27/03/2007 on public procurement states that unless it results from reasons provided for by this law the successful bidder shall incur a penalty equivalent to one thousand (1%0) of the total of the contract for each day of delay; such penalty shall</p>	✓ Currently penalties had been charged according by			

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No	Particulars of paragraph	Recommendation				No longer applicable																																			
		fully implemented	partially implemented	not implemented																																					
	<p>not exceed five per cent (5%) of the value of the contract. If the penalty reaches five per cent (5%) the total value of the tender may be subject to termination.</p> <p>Contrary to the above provision, I noted that ACE-ESD did not charge penalty amounting to Frw 1,645,175 on two (2) tenders for delay in supply of furniture and desktop computers. One tender for supply of furniture was awarded to Magasin Kajal for an amount of Frw 8,525,000 and another one for supply of computer desktops was awarded to Dimension Technology for an amount of Frw 30,900,000. However, I noted a delay of 19 days and 48 days respectively in delivering those furniture and computer desktops.</p> <p><i>Refer to the table below for more details</i></p> <table border="1"> <thead> <tr> <th>Title of tender</th><th>Name of supplier</th><th>Amount as per purchase order</th><th>Date of Delivery period per contract</th><th>Actual Date of supply</th><th>Days of Delay</th><th>Penalty charged</th></tr> </thead> <tbody> <tr> <td></td><td></td><td>Frw</td><td></td><td></td><td></td><td>Frw</td></tr> <tr> <td></td><td></td><td>A</td><td>B</td><td>C</td><td>D</td><td>E= D*1/1000*A</td></tr> <tr> <td>Supply of furniture for Msc students supplied.</td><td>Magasin Kajal</td><td>8,525,000</td><td>14/02/2018</td><td>06/03/2018</td><td>19</td><td>161,975</td></tr> <tr> <td>Supply of computer desktop supplied.</td><td>Dimension Technology</td><td>30,900,000</td><td>29/01/2018</td><td>15/03/2018</td><td>48</td><td>1,483,200</td></tr> </tbody> </table>	Title of tender	Name of supplier	Amount as per purchase order	Date of Delivery period per contract	Actual Date of supply	Days of Delay	Penalty charged			Frw				Frw			A	B	C	D	E= D*1/1000*A	Supply of furniture for Msc students supplied.	Magasin Kajal	8,525,000	14/02/2018	06/03/2018	19	161,975	Supply of computer desktop supplied.	Dimension Technology	30,900,000	29/01/2018	15/03/2018	48	1,483,200					
Title of tender	Name of supplier	Amount as per purchase order	Date of Delivery period per contract	Actual Date of supply	Days of Delay	Penalty charged																																			
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No	Particulars of paragraph	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	No longer applicable								
	<table border="1"><tr><td></td><td></td><td>39,425,000</td><td></td><td></td><td>1,645,175</td></tr></table> <p>Recommendation</p> <p>ACE ESD management should recover the amount of penalty not charged, way forward penalty should be charged on time</p>			39,425,000			1,645,175						
		39,425,000			1,645,175								
3	<p>Non-compliance with UR SPIU Salary Structure approved by Board of Governors</p> <p>Observation</p> <p>On 25 February 2015, the Board of Governors approved consolidated UR SPIU salary Structure including salary that are applied to different services offered by UR SPIU. However, during the review of salaries for staff of ACE-ESD Project for the year ended June 2018 I noted 3 paid position which are not on the list of approved UR SPIU salary Structure. For more details see the table below:</p> <table border="1"><thead><tr><th>Positions as per contract not found on salary scale</th><th>Net salary in Frw</th></tr></thead><tbody><tr><td>Associate researcher</td><td>850,000</td></tr><tr><td>Researcher Laboratory Engineer</td><td>600,000</td></tr><tr><td>Administrator of ACE-ESD</td><td>501,101</td></tr></tbody></table> <p>Recommendation</p> <p>Management should ensure that the project positions are in line with the approved UR SPIU salary Structure positions.</p>	Positions as per contract not found on salary scale	Net salary in Frw	Associate researcher	850,000	Researcher Laboratory Engineer	600,000	Administrator of ACE-ESD	501,101	✓ Currently the structure had been implemented according to			
Positions as per contract not found on salary scale	Net salary in Frw												
Associate researcher	850,000												
Researcher Laboratory Engineer	600,000												
Administrator of ACE-ESD	501,101												

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No	Particulars of paragraph	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	No longer applicable
	REVIEW OF TERMS AND CONDITIONS OF DEVELOPMENT PARTNERS' FUNDING AGREEMENTS				
4	<p>Failure to open collection account of centre of excellence in energy for sustainable development (ACE-ESD)</p> <p>Observation</p> <p>According to the project customised operational manual of centre of excellence in energy for sustainable development, section 4: sub section 4.2 point 4.2.1, the project should have at least 2 bank accounts:</p> <p>➤ First one is specific account designed to receive the money disbursed from the World Bank for financing ACE project or any other transfer of funds that may occur from realization.</p> <p>➤ The second one is the collection account which should be opened in a given commercial bank design to receive money from different beneficiaries like students, partners.</p> <p>The funds to be deposited on collection account shall include, but not limited to school fees of students belonging to the concerned Centre, administration fees, short-courses' fees, tuition fees from private candidates, fundraised funds.</p> <p>In addition ACE-ESD Project Implementation Plan includes an indicator in the Results Framework, "Externally generated revenue" (DLRs 2.7) for the purpose of ACE financial sustainability.</p>	<p>✓</p> <p><i>Currently two accounts had been opened in Bank of Kigali</i></p>			

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No	Particulars of paragraph	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	No longer applicable
	<p>However my review operational activities of the ACE in Energy for Sustainable Development revealed that since the project opened in 30 September 2016 the collection account was not yet opened; Specifically, the administration fees amounting to Frw 1,425,000 collected by the project were deposited to UR bank account due to lack of a designated account of the Centre.</p> <p>Recommendation</p> <p>Management of Ace in Energy for Sustainable development should open the collection account for easy tracking and transparency in the revenue collection system of the project.</p>				
5	<p>Lack of regular management meeting</p> <p>Observation</p> <p>According to African Centre of Excellence (ACEII) Operational Manual, the management committee is composed by all members of implementing team and is chaired by the centre director. The operational manual states the terms of reference of management committee meeting as follows:</p> <ul style="list-style-type: none">• Review of appointment or approval of employment contract; and• Review of activity progress report as opposed to action plan. <p>The operational manual states also that management committee shall meet once every two weeks. Contrary to the above requirements, I noted that the management committee of ACEII met only 2 times during the year under review as evidenced by the minutes of meetings held on 11 January and 11 May 2018 respectively.</p> <p>Recommendation</p>	✓ <i>Currently management meeting had been met as planned.</i>			

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No	Particulars of paragraph	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	No longer applicable
	ACEII management committee should comply with the operational manual regulating its internal rules. In addition the meeting should be conducted to ensure smooth management of the project activities.				
6	<p>Lack of Advisory Board for ACE-ESD</p> <p>Observation</p> <p>According to ACE-ESD implementation plans, ACE-ESD should have International Scientific Advisory board to advise the Centre leader and management. However, no evidence was provided to me to confirm that the board exist and started operating as planned.</p> <p>Recommendation</p> <p>ACE-ESD should ensure that the Advisory Board is established and that it independently discusses affairs of the Centre and provide strategic direction and oversight for activities of ACE-ESD.</p>				<p>✓ Same issue had been highlighted. Refer to section 5.1.2.1</p>
7	<p>Internal audit work not performed</p> <p>Observation</p> <p>Section 8 of Project Operational Manual states that the SPIU team in collaboration with university internal audit unit should conduct audit of ACEs at least on a semi-annual basis if the risk is low or moderate or on a quarterly basis if the risk is high or substantial. However, I noted that during the year ended 30 June 2018, no audit work was carried out by SPIU team in collaboration with UR internal audit unit.</p>	<p>✓ Currently internal audit had been done.</p>			

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No	Particulars of paragraph	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	No longer applicable
	<p align="center">Recommendation</p> <p>ACE-ESD should make follow up and ensure that internal audit of the Centre is performed to enhance effectiveness of its internal controls system.</p>				
8	<p align="center">REVIEW OF PHD STUDENTS SCHOLARSHIP AWARD</p> <p align="center">Lack of evidence of payment of tuition fees</p> <p align="center">Observation</p> <p>During the year under review, ACEESD awarded the PhD scholarship whereby 33 PhD students were admitted to start the programs. I noted that twelve (12) students were offered full scholarship, nineteen (19) obtained partial scholarship (student pays Administration fees and ACE pays tuition fees). However, I was not provided with any evidence indicating that the PhD students who were offered partial scholarship have paid the fees that they were supposed to pay; In addition, Management did not provide any reason why they did not pay the tuition fees for them.</p>	<p>√ Currently tuition fees had been paid</p>			
	<p align="center">Recommendation</p> <p>Management should make follow up and ensure that all students pay the required tuition and other administrative fees.</p> <p align="center">REVIEW OF BUDGET EXECUTION</p>				

**AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019**

No	Particulars of paragraph	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	No longer applicable																																			
9	<p>Underperformance of budget</p> <p>Observation</p> <p>The review of budget execution report of African Centre of Excellence in Energy for Sustainable Development revealed under performance on some budget lines related to other revenue (15%), other expenses (40%) and capital expenditure (11%). No explanations were provided by management for that low performance. Consequently, budget allocations to these lines amounting to Frw 604,615,881 representing 85% have not been utilized, while other revenue was executed at only 15% <i>as shown in the table below:</i></p> <table><tr><th>Budget line</th><th>Revised budget amount (A) Frw</th><th>Actual amount (B) Frw</th><th>Allocated budget not utilised/received (C = A-B) Frw</th><th>Performance (D=B/A*100) %</th></tr><tr><td>Revenue</td><td></td><td></td><td></td><td></td></tr><tr><td>Other revenue</td><td>171,952,838</td><td>26,226,294</td><td>145,726,544</td><td>15</td></tr><tr><td>Expense</td><td></td><td></td><td></td><td></td></tr><tr><td>Other expenses</td><td>84,104,712</td><td>33,603,265</td><td>50,501,447</td><td>40</td></tr><tr><td>Capital expenditure</td><td>625,381,294</td><td>71,266,860</td><td>554,114,434</td><td>11</td></tr><tr><td>Sub-total</td><td>709,486,006</td><td>104,870,125</td><td>604,615,881</td><td>15</td></tr></table> <p>Recommendations</p>	Budget line	Revised budget amount (A) Frw	Actual amount (B) Frw	Allocated budget not utilised/received (C = A-B) Frw	Performance (D=B/A*100) %	Revenue					Other revenue	171,952,838	26,226,294	145,726,544	15	Expense					Other expenses	84,104,712	33,603,265	50,501,447	40	Capital expenditure	625,381,294	71,266,860	554,114,434	11	Sub-total	709,486,006	104,870,125	604,615,881	15	√ Currently implementation of budget reached 89%			
Budget line	Revised budget amount (A) Frw	Actual amount (B) Frw	Allocated budget not utilised/received (C = A-B) Frw	Performance (D=B/A*100) %																																				
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**AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACEESD)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019**

No	Particulars of paragraph	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	No longer applicable
	Management should investigate the causes of budget underperformance. Going forward, management should set proper measures to ensure that the budget is utilised as planned to achieve the planned objectives. In case of under or over performance, adequate explanations should be properly documented by management and included in the budget execution report attached to the financial statements.				
10	REVIEW OF FIXED ASSETS MANAGEMENT				
	MANAGEMENT OF FIXED ASSETS				
	Assets not codified				
	Observation	√ Currently all assets had been codified as per assets register			
	On 24 August 2018, I carried out a physical inspection of ACE-ESD assets located at University of Rwanda College of Science and Technology and noted that the assets do not have an identification number. Thus, it is difficult to differentiate them from other assets not belonging to the project.				
	Recommendation				
	ACE/ESD should tag /codify all its fixed assets to facilitate easy monitoring and identification in the event of their theft.				
	Total: 10	9	0	0	1