



EASTERN AND SOUTHERN AFRICA HIGHER EDUCATION CENTERS OF
EXCELLENCE (ACE II) PROJECT

INTERNAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED JUNE 30,2018

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1. AUDIT OPINION

1.1. UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

1.1.1. Basis of our independent audit opinion

We conducted an independent evaluation of the internal control system at ACE in accordance with the internal audit standards issued by the government of Rwanda and in compliance with the requirements of the Ministerial Order N° 003/17/10/TC of 27/10/2017. Order setting out regulations for internal audit and audit committees in public entities. In accordance with those regulations, the evaluation entailed the assessment of the design and implementation of the different elements of the internal control system at UR-ACE notably; its control environment, risk assessment, control activities, information and communication, and internal control monitoring. Our audit approach was risk-based and as such our tests were tailored according to ACEs risk analysis. The management of ACEs provided to us the information we deemed necessary for the audit, and we believe that we obtained sufficient evidence to support our independent opinion stated below.

1.1.2. Opinion

Based on the results of our evaluation, in our opinion, there is reasonable assurance that as of November 30, 2018 when we concluded the evaluation, the internal control system at ACEs was effective in design and implementation as required by Ministerial Order N° 003/17/10/TC of 27/10/2017.

1.2. QUALIFIED (EXCEPT) AUDIT OPINION ON COMPLIANCE

1.2.1. Basis for qualified audit opinion on compliance

We conducted an independent evaluation of the internal control system of UR – ACEs in accordance with the internal audit standards issued by the government of Rwanda and in compliance with the requirements of the Ministerial Order N° 003/17/10/TC of 27/10/2017 Order setting out regulations for internal audit and audit committees in public entities. In accordance with those regulations, the evaluation entailed the assessment of the design and implementation of the different elements of the internal control system at the University of

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Rwanda ACEs notably; its control environment, risk assessment, control activities, information and communication, and internal control monitoring. Our audit approach was risk-based and as such our tests were tailored according to ACEs. UR-ACEs provided to us the information we deemed necessary for the audit, and we believe that we obtained sufficient evidence to support our independent opinion stated below.

We draw attention to the findings which sets out the weaknesses in the internal control system at ACEs noted during our audit exercise.

1. ACEs asset not engraved with un-erasable mark

Article 74 of the Ministerial Order N° 001/16/10/TC of 26/01/2016 on financial regulations states that the Chief Budget Manager shall ensure that items of public property are properly recorded in an asset register in a format prescribed by the Minister containing at least the following; acquisition date, description, code, quantity, location, and the cost for acquisition and disposals.

Section 8.2.3 of the Manual of Government Policies and Procedures: Financial Management and Accounting (Volume 3) states that each asset should be clearly and uniquely identified. Engraving or marking those assets with the names (un-erasable) of Budget Agency is an appropriate method to achieve this objective.

Section 2.6, of UR SPIU Procedures Manual states that; “The officer in charge of Logistics at the level of the PR, SPIU or SR shall keep a general register of all fixed assets acquired through project funds. For that purpose, a model template shall be designed as a separate document. That all project assets shall be marked by a label specifying the identification and the serial of the item also known as tag numbers and once during each fiscal year complete inventory of assets acquired with project funds shall be carried out. The results will be compared to the contents of register of fixed assets.

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Contrary to this provision, I noted the following weaknesses:

During my audit, I noted that all assets for ACEs were temporarily tagged with marked scotched papers which can easily be removed and it can be impossible to reallocate an asset in case of misappropriation. **See point 8.1.1 for more details.**

2. Weakness noted in execution of ACE's allocated budget July 2016 – June 2018.

During the review of budget execution report of UR Centers of Excellence revealed the following weaknesses:

- Budget execution report for African Centre of Excellence for Innovative Teaching and Learning Mathematics and Science (ACE-ITLM) revealed under performance of the budget by frw 680,735,511 (941,517,555 – 460,782,044) representing 72% of the total budget of the ACE-ITLMS which were not executed.
- Also, budget execution report for African Center of Excellence for Data Sciences (ACE-DS) revealed under performance of the budget by frw 581,545,741 (944,861,622-363,315,881), 62% of the total budget of the ACE-DS were not executed. Consequently, the centre activities which could have been achieved by using the above amount was not done.
- Further, budget execution report for African Centre of Excellence in Energy for Sustainable Development revealed under performance of the budget by frw 680,735,511 (938,979,757 – 266,000,163), 62% of the total budget of the ACE-ESD were not executed.
- Furthermore, budget execution report of African centre of excellence in internet of things (UR-ACEIOT) revealed under performance of the budget by Frw 762,423,757 (946,478,753 – 184,054,996), 81% of the total budget of the center were not executed. Consequently, the centre activities which could have been achieved by using the above amount was not done. **See point 8.2.1 for details.**

3. Weakness noted on Planned tender that were not awarded

Article 6 of Law N° 12/2007 of 29/03/2007 on Public Procurement states that during the procurement planning process and the preparation of the bidding documents, the procuring entity shall ensure that there is sufficient budget allocation and shall respect regulations governing budget execution.

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However, my review of annual procurement plan and procurement report of UR ACEs revealed the following weaknesses:

- One tender for African Centre of Excellence for Innovative Teaching and Learning Mathematics and Science (ACE-ITLM) related to the core business of the Centre with estimated costs of **Frw 10,379,902** were planned but not awarded.
- Two tenders for African Centre of Excellence for Data Sciences (ACE-DS) related to the core business of the Centre with estimated costs of **Frw 46,501,963** were planned but not awarded.
- Also two tenders for African centre of excellence in internet of things (UR-ACEIOT) related to the core business of the Centre with estimated costs of **Frw 49,823,532** were planned but not awarded.
- Further, two tenders for African centre of excellence in internet of things (UR-ACEIOT) related to the core business of the Centre with estimated costs of **Frw 49,823,532** were also planned but not awarded. **See point 8.3.1 for details.**

4. Annual planned activities not achieved

During the review of UR ACEs Annual plan for the Financial Year Ended June 30, 2017, I noted activities which were planned but not achieved. There is a risk that, the related Disbursement Linked Indicator many not be achieved. **See point 8.4.1 for details.**

5. Disbursement linked Indicators and Results not achieved

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 Centers 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 {UR- College of Science and Technology/CST (ACE- Internet of Things and ACE-Energy for Sustainable Development); UR- College of Business and Economics/CBE (ACE-

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Data Science) and UR-College of Education/CE (ACE- Innovative Teaching and Learning Mathematics and Science)}.

Section 4. B of the above financing agreement states that, no withdrawal will be made for any Disbursement Linked Indicator (DLI) or Disbursement Linked Result (DLR) until and unless the association has received from the independent verifier, the Eligible Expenditure Program (EEP) spending reports conforming that DLI and DLR have been achieved and containing a proposal for disbursement under each withdrawal.

In addition, Section 6.3 of the Project Operational Manual states that, the results achieved by the ACEs will be verified independently for disbursement. Independent verifier(s) hired by IUCEA/[RFU] is expected to verify the results achievement of the agreed DLIs/DLRs for all the ACEs in every six months during the project implementation.

ACEs Project started operating since April 2017 and from then to 30 June 2018, ACEs has achieved some targeted DLIs and DLRs like recruitment of staff, development of curricula, National accreditation, PhD enrolment, staff research publication, refurbishing of office and laboratories. However, by the time of my audit in October 2018, no external review was yet made by independent verifier for the results achieved by ACE-ESD.

I noted also that, some targeted DLIs and DLRs were not achieved (**see table below**):

Table below shows accreditation available by ACE's

DLR	Accreditation	ACE-ILMS	ACE-DS	ACE-ESD	ACE-IoT
DLR#2.3: Accreditation of quality of education programs (Master not accredited at regional/International level/PhD by course work not accredited at National, regional and International level)	National	75,000	75,000	75,000	75,000
	regional	150,000	150,000	150,000	150,000
	International	300,000	300,000	300,000	300,000
DLR 2.8 Institution participating in benchmarking exercise.		80,000	80,000	80,000	80,000

See point 8.4.2 for details

6. Weakness noted in recovery of administrative fees.

According to Administrative fee structure amended by University of Rwanda (UR) during academic year 2017-2018, administrative fees to be paid by postgraduate students are Frw 95,000 for East Africa Community (EAC) composed of admission fees Frw 10,000; Registration fees Frw 75,000; Medical Insurance Frw 7,000; Life Insurance Frw 2,000; Student Union Frw 1,000.

For Non East Africa Community(Non-EAC) student's fees are, Frw 114,000; composed of admission fees Frw 12,000; Registration fees of Frw 90,000; Medical Insurance of Frw 8,400; Life Insurance of Frw2,400; and Student Union of Frw 1,200).

During my review, I noted that, the fee structure was not considered by ACE leading to unexplained difference **Frw 7,345,000** (Frw 515,000 for DS, Frw 6,715,000 for IoT, Frw 105,000 for EDS and Frw 10,000 for ITLMS). **See point 8.5.2. for details.**

7. Failure to open collection bank account for ACEs.

According to the project customized operational manual of centers 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:

- 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.
- 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.

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.

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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.

However, my review on operational activities of the ACEs revealed that, since the project opened the collection account was not yet opened yet the ACEs have revenues; Specifically, the administration fees amounting to Frw 1,310,000 for IoT, Frw 1,425,000 for ESD, Frw 1,482,000, for ITLMS, and Frw 3,900,000 for DS collected by the project were deposited to UR bank account due to lack of a designated account of the Centre. **See point 8.5.3 for details**

8. Weakness noted in preparing and signing bank reconciliations.

According to UR Financial Procedures Manual, section 3.5.1.2. All bank accounts should be reconciled regularly every month end and submitted at UR Head Office before 10 days ending the month reported for. The reconciliation must be prepared by the accountant, reviewed/checked and approved by the DAF.

In my review of the bank reconciliation statements of ACE-ILMS, I revealed that, monthly bank reconciliation statements throughout the year ended 30th June 2018 for ACE-ILMS were neither reviewed by the Director of Finance nor approved by any competent authority.

Also, I was not provided with bank reconciliations for other Centers of Excellence such as ACE-DS, ACE-ESD, and ACE-IoT. **See point 8.5.4. for details.**

1.2.2. OPINION.

Based on the results of our evaluation, in our opinion, the weaknesses noted bear modest risk on the operations of ACEs and except for the implications of those weaknesses, the internal control system at ACEs was satisfactory in design and implementation as of November 30 2018 when we concluded the evaluation.

2. INTRODUCTION

2.1. PROJECTS BACKGROUND

University of Rwanda Centers of Excellence I.e. African Center of Excellence in Energy for Sustainable Development (ACE-ESD), African center of Excellence in Internet of Things (UR-ACEIoT), African Centre of Excellence for Innovative Teaching and Learning Mathematics and Science(ACE-ITLMS) and The African Center of Excellence for Data Sciences (ACE-DS) are 4 of 24 centers initiated by the World Bank in Eastern and Southern Africa Higher Education Centers of Excellence Project (ACE II). They are competitive loan won by the University of Rwanda-College Science and Technology(CSTS),College of Education(CE) and College of Business and Economics (CBE) on behalf of the Government of Rwanda to overcome the identified gaps in handling big data, bio informatics, data mining, reliability modeling, research design and evidence-based policy analysis through delivering postgraduate studies, organizing professional courses and promoting collaborative research in the Eastern and Southern Africa. The main objective of this project is to establish and strengthen specialization and collaboration among a network of higher education institutions in the Eastern and Southern Africa region to deliver quality post graduate education and build corroborative research capacity in the regional priority area to address key development challenges facing the region.

2.2. OBJECTIVES OF THE PROJECT

To strengthen selected Eastern and Southern African higher education institutions to deliver quality post-graduate education and build collaborative research capacity in the regional priority areas.

2.3. SOURCES OF FUNDING

University of Rwanda Center's of Excellence are financed through credit Agreement no 5796-RW signed on 17 June 2016 between the Government of Rwanda and International Development Association. The credit is valued at 20 USD million for a period starting from 30 September 2016 to 31 December 2022. Their funding mode is performance based whereby plans and

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achievements must be guided by the set indicators to lead to funds disbursement (Disbursement Linked Indicators and Disbursement Linked results).

2.4. FUND SUMMARIES

The project is for duration of 5.4 years from 2016 to 2022 with an approved budget of USD 20 million as highlighted in the table below:

≠	ACE	Donor Commitment-	Cumulative Amount received to date – (June 2018)	Cumulative Amount received to date – (June 2018)	Undrawn balance to date (June 2018)	Undrawn balance to date (June 2018)
		USD	USD	Frw	USD	Frw
1	ESD	5,500,000	1,092,328	902,472,768	4,407,672	3,789,558,547
2	IoT	5,500,000	1,092,328	902,472,768	4,407,672	3,789,558,547
3	ITLMS	4,500,000	1,092,328	902,472,768	3,407,672	2,929,794,353
4	DS	4,500,000	1,092,328	902,472,768	3,407,672	2,929,794,353
Total		20,000,000	4,369,312	3,609,891,072	15,630,688	13,438,705,800
<i>*Average exchange rate as 30 June 2018: 1 USD= 859.7641 Frw.</i>						

3. STRUCTURE

The daily activities of the University of Rwanda-African Center of Excellence are coordinated by the SPIU coordinator who is supervised by the University of Rwanda, Deputy Vice Chancellor for Finance.

The management who served the project during the year ended 30 June 2018 is as follows:

Name	Role	Position
Françoise Kayitare Tengera	Chief Budget Manager	Deputy Vice Chancellor For Finance
SPIU		
Immaculate Bugingo	Coordination	Ag. UR SPIU Coordinator
Samuel Nizeyimana	Finance	UR SPIU DAF
Centers(overall)		
Beline Mukarwego	Monitoring	Centre Monitoring & Evaluation Officer
Leandre Ngiruwonsanga	Accounting	Accountant

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Alexis Nyumvira	Procurement	Centre Procurement Officer
AFRICAN CENTER OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACE-ESD)		
Prof.Etienne Ntagwirumugara	Centre Coordination	Centre Director
Landuard Kirikiri	Administration	Centre Administrator
AFRICAN CENTER OF EXCELLENCE IN INTERNET OF THINGS (UR-ACEIoT)		
Prof. Santhi KUMARAN	Center Director	santhikr@yahoo.com
Frederic MASENGESHO	Center Administrator	masfrederick43@yahoo.com
AFRICAN CENTRE OF EXCELLENCE FOR INNOVATIVE TEACHING AND LEARNING MATHEMATICS AND SCIENCE		
Prof. Yadav Lal Lakhan	Center Coordination	Center Director
Aphrodice Ngendahayo	Administration	Center Administrator
AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES		
Dr. Charles RURANGA	Center Coordination	Center Director
Donatienne MUKAMISHA	Administration	Center Administrator

4. RESPONSIBILITIES

4.1. AUDITOR'S RESPONSIBILITY

Article 10 of Ministerial Order N° 003/17/10/TC Of 27/10/2017 setting out Regulations for Internal Audit and Audit Committees in Public Entities states that, Internal Auditor must evaluate the adequacy and effectiveness of controls of governance, operations and information systems; provide assurance to management and the Audit Committee on the adequacy and effectiveness of the risk management process, provide appropriate recommendations for improving the governance process in accomplishment of its objectives; make recommendations to avoid waste and fraud and investigate the suspected fraud or irregularity; provide consulting services through training, support implementation of accounting systems, internal control documentation, risk management facilitation and other similar services on the request of management, Audit Committee or other high level authorities; communicate opportunities for improving management control, viability and sustainability of services or profitability identified during the audit to appropriate level of management.

4.2. MANAGEMENT RESPONSIBILITY

Article 19 of Organic Law No 12/2013 of 12/09/2013 on State Finances and Property requires the chief budget manager to:

- To manage effectively, efficiently and in a transparent manner all the public funds for the public entity under his/her responsibility in accordance with relevant legal provisions;
- To establish and maintain effective, efficient and transparent systems of internal controls and risk management;
- To supervise and ensure proper use of public funds at the disposal of subsidiary entities under his/her responsibility;

5. AUDIT OBJECTIVES

The general objective of the review was to evaluate the adequacy and effectiveness of UR-Africa Centres of Excellence (ACEs) at UR, existing risk management, control and governance processes in order to provide, Independent opinion whether these processes are functioning as intended and will enable the UR ACEs' objectives and goals are met. We intended to provide recommendations for improving both efficient and effective performance.

6. SCOPE OF THE AUDIT

The audit exercise covered activities of ACES starting from 2016 to June 30,2018.

7. AUDIT APPROACH

The following approach have been used:

Interviews and documentations, desk reviews: we reviewed different documentations and discussed with SPIU, ACEs management, M&E planning, Procurement and finance units in order to understand the programs;

We have also, performed audit procedures to obtain sufficient and appropriate evidence in order to provide reasonable assurance that resources deployed in ACEs projects are properly managed;

8. DETAILED FINDINGS

8.1. MANAGEMENT OF FIXED ASSETS

8.1.1. ACEs asset not engraved with un-erasable mark

Observation

Article 74 of the Ministerial Order No 001/16/10/TC of 26/01/2016 on financial regulations states that the Chief Budget Manager shall ensure that items of public property are properly recorded in an asset register in a format prescribed by the Minister containing at least the following; acquisition date, description, code, quantity, location, and the cost for acquisition and disposals.

Section 8.2.3 of the Manual of Government Policies and Procedures: Financial Management and Accounting states that each asset should be clearly and uniquely identified. Engraving or marking those assets with the names (un-erasable) of Budget Agency is an appropriate method to achieve this objective

Section 2.6 of UR SPIU Procedures Manual states that “The officer in charge of Logistics at the level of the PR, SPIU or SR shall keep a general register of all fixed assets acquired through project funds. For that purpose, a model template shall be designed as a separate document. That all project assets shall be marked by a label specifying the identification and the serial of the item also known as tag numbers and once during each fiscal year complete inventory of assets acquired with project funds shall be carried out. The results will be compared to the contents of register of fixed assets.

Contrary to this provision, I noted that, ACEs assets were not engraved with un-erasable mark, in steady were temporarily tagged with marked scotched papers which can easily be removed and it can be impossible reallocate in case of misappropriation.

Risk

- Failure to engrave the ACEs assets and code them makes it difficult to track and monitor them; hence, increased risk of loss of public assets.

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Recommendation

UR SPIU management should ensure that, all ACEs acquired assets are duly coded with erasable mark and recorded in asset register.

Management comments and timeline for implementation.

The recommendation is noted. Going forward ACEs will do the fixed codification of all assets as required.

8.2. REVIEW OF BUDGET EXECUTION

8.2.1. Weakness noted in execution of ACE's allocated budget July 2016 – June 2018.

During the review of budget execution report of UR Centers of Excellence revealed that;

- Budget execution report for African Centre of Excellence for Innovative Teaching and Learning Mathematics and Science (ACE-ITLM) revealed under performance of the budget by frw 680,735,511 (941,517,555 – 460,782,044) representing 72% of the total budget of the ACE-ITLMS which were not executed.
- Also, budget execution report for African Center of Excellence for Data Sciences (ACE-DS) revealed under performance of the budget by frw 581,545,741 (944,861,622-363,315,881), 62% of the total budget of the ACE-DS were not executed. Consequently, the centre activities which could have been achieved by using the above amount was not done.
- Further, budget execution report for African Centre of Excellence in Energy for Sustainable Development revealed under performance of the budget by frw 680,735,511 (938,979,757 – 266,000,163), 62% of the total budget of the ACE-ESD were not executed.
- Furthermore, budget execution report of African centre of excellence in internet of things (UR-ACEIOT) revealed under performance of the budget by Frw 762,423,757 (946,478,753 – 184,054,996), 81% of the total budget of the center were not executed. Consequently, the centre activities which could have been achieved by using the above amount was not done.

See appendix 1.

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Risk

There is a risk that, concerned activities that were planned to be executed by all ACES using these funds was not achieved as expected; hence, the associated objectives might not be met within the planned timeline.

Recommendation

Management should follow-up and set proper measures to ensure that the budget is utilized as planned to achieve the planned objectives.

Management comments and timeline for implementation

Recommendation is noted. However, most of planned activities have been achieved though little budget spent on them such as the Collaboration and partnership, publications and the accreditation of MSc programs.

8.3. REVIEW OF PROCUREMENT PROCEDURES

8.3.1. Weakness noted on Planned tender that were not awarded

Article 6 of Law N° 12/2007 of 29/03/2007 on Public Procurement states that, during the procurement planning process and the preparation of the bidding documents, the procuring entity shall ensure that, there is sufficient budget allocation and shall respect regulations governing budget execution.

However, during my review of annual procurement plan and procurement report of UR ACEs noted that;

- One tender for African Centre of Excellence for Innovative Teaching and Learning Mathematics and Science (ACE-ITLM) related to the core business of the Centre with estimated costs of **Frw 10,379,902** were planned but not awarded.
- Two tenders for African Centre of Excellence for Data Sciences (ACE-DS) related to the core business of the Centre with estimated costs of **Frw 46,501,963** were planned but not awarded.

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- Also two tenders for African centre of excellence in internet of things (UR-ACEIOT) related to the core business of the Centre with estimated costs of Frw **49,823,532** were planned but not awarded.
- Further, two tenders for African centre of excellence in internet of things (UR-ACEIOT) related to the core business of the Centre with estimated costs of Frw **49,823,532** were also planned but not awarded. **See point 8.3.1 for details.**

Risk

There is a risk that, failure to award the planned tenders related to the core business of the Center's may be an indicator that the related activities were not carried out as planned and the project's objectives may not be achieved within time frame.

Recommendation

Management should ensure that, all planned tenders are awarded in accordance with the approved annual procurement plan and within time frame to achieve the set objectives.

Management comments and timeline for implementation

The recommendation is well noted.

8.4. REVIEW OF TERMS AND CONDITIONS OF DEVELOPMENT PARTNERS' FUNDING AGREEMENTS

8.4.1. Annual planned activities not achieved

Observation

During the review of UR ACEs Annual plan for the Financial Year Ended June 30, 2017, we noted activities which were planned but not achieved. There is a risk that the related Disbursement Linked Indicator many not be achieved: **See details in the table below:**

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Table below shows annual planned activities not achieved,

	ACE-ILMS	ACE-DS	ACE-ESD	ACE-IoT
Output 1	One MoU out of two planned signed. Other are in pine line		3PhD Programs Approved by UR	
			To enroll 45 Master students	
			Accreditation of 1 PhD Programs at national and international accredited.	
Output 2.	Approval of New PhD(by course work) at National and International level	Approval of PhD Programs by UR		2PhD Programs approved by the University
	Approval of New programs approved at national and international accredited	10 PhD and Master Student Exchange-- only 2 exchanged	7 regional and 3 international academic staffs exchanges	
	Have 100% laboratory of Science completed			
Output 3: Research excellences ensured	Have 100% completion of research laboratory	Conduct collaborative research projects		
	Have 8 papers supported for publication (only 6 done)			E-journal subscribed and No of retreat concocted
Output 4: Sustainable financing	Generate \$50,000	Generate \$200,000	Generate \$ 30,000	Generate \$100,000
Output 5: Collaboration with national, regional and international partners	Appoint an International advisory Board	Appoint an International advisory Board	Appoint an International advisory Board	Appoint an International advisory Board

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Risk

There is a risk that, activities not implemented as per the action plan may lead to delay in the project implementation and/or failure to achieve the intended objectives of the project.

Recommendation

UR SPIU management should ensure that, annual planned activities are put in action within planned period.

Management comments and timeline of implementation.

The planned activities were not completed due to delayed accreditation of programs and tendering process. Going forward accreditations has been completed. For regional and international accreditation, there are no accreditation bodies.

8.4.2. Disbursement linked Indicators and Results not achieved

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 Centers 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 {UR- College of Science and Technology/CST (ACE- Internet of Things and ACE- Energy for Sustainable Development); UR- College of Business and Economics/CBE (ACE- Data Science) and UR-College of Education/CE (ACE- Innovative Teaching and Learning Mathematics and Science)}.

Section 4.B, of the above financing agreement states that, no withdrawal will be made for any Disbursement Linked Indicator (DLI) or Disbursement Linked Result (DLR) until and unless the association has received from the independent verifier, the Eligible Expenditure Program (EEP)

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spending reports conforming that DLI and DLR have been achieved and containing a proposal for disbursement under each withdrawal.

In addition, Section 6.3, of the Project Operational Manual states that, the results achieved by the ACEs will be verified independently for disbursement. Independent verifier(s) hired by IUCEA/ [RFU] is expected to verify the results achievement of the agreed DLIs/DLRs for all the ACEs in every six months during the project implementation.

ACEs Project started operating since April 2017 and from then to 30 June 2018, ACEs has achieved some targeted DLIs and DLRs like recruitment of staff, development of curricula, National accreditation, PhD enrolment, staff research publication, refurbishing of office and laboratories. However, by the time of my audit in October 2018, no external review was yet made by independent verifier for the results achieved by ACE-ESD.

I also noted, that some targeted DLIs and DLRs were not achieved (see table below):

DLR	Accreditation	ACE-ILMS	ACE-DS	ACE-ESD	ACE-IoT
DLR#2.3: Accreditation of quality of education programs(Master not accredited at regional/International level/PhD by course work not accredited at National, regional and International level)	National	75,000	75,000	75,000	75,000
	regional	150,000	150,000	150,000	150,000
	International	300,000	300,000	300,000	300,000
DLR 2.8 Institution participating in benchmarking exercise		80,000	80,000	80,000	80,000

Risk

There is a risk that, failure to work on the above actions within appropriated and planned periods, there may be a delay in completion of the concerned DLIs and DLRs. As result the project's objectives may not be achieved within allocated time frame.

Recommendation

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The project management should monitor and follow up timely execution of ACES planned activities to ensure the loan obtained is fully utilized to achieve ACE goals within the time frame.

Management comments and timeline for implementation

The two indicators are not based on annual achievement. Whenever these DLIs are achieved, the related disbursement will be made and exercise is ongoing and will be completed by this December 21, 2018.

8.5. REVIEW OF FINANCIAL MANAGEMENT

8.5.1. ACE-ESD Payment supporting documentation not stamped "PAID"

Observation

According to UR Financial Manual, section 3.5.1.2 "After the signing, the documents should be stamped-processed / paid; a special stamp should be designed for this purpose and maintained by the DAF".

During my review of expenditure of African center of excellence in energy for sustainable development (ACE-ESD revealed the payments (OP 000138P and OP 00000049) and related attachments were not stamped "PAID" to avoid future reuse.

Risk

There is a risk that, the related documents may be re-used for double payment unless stamped "PAID"

Recommendation

The ACEs should comply with its approved financial policies and procedures and cancel all payment supporting documents by stamping them "PAID".

Management comments and timeline for implementation

Recommendation noted. All the payment supporting documents are being stamped PAID.

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8.5.2. Weakness noted in recovery of administrative fees.

Observation

According to Administrative fee structure amended by University of Rwanda (UR) during academic year 2017-2018, administrative fees to be paid by postgraduate students are Frw 95,000 for East Africa Community (EAC) composed of admission fees Frw 10,000; Registration fees Frw 75,000; Medical Insurance Frw 7,000; Life Insurance Frw 2,000; Student Union Frw 1,000.

For Non East Africa Community(Non-EAC) student's fees are, Frw 114,000; composed of admission fees Frw 12,000; Registration fees of Frw 90,000; Medical Insurance of Frw 8,400; Life Insurance of Frw2,400; and Student Union of Frw 1,200).

During my review, I noted that, the fee structure was not considered by ACE leading to unexplained difference **Frw 7,345,000** (Frw 515,000 for DS, Frw 6,715,000 for IoT, Frw 105,000 for EDS and Frw 10,000 for ITLMS). **See appendix 3.**

Risks

There is a risk that, completeness and accuracy of expected revenue and actual revenue will not match.

Recommendation

UR SPIU and ACEs management should investigate the above unexplained difference and take appropriate action, and perform regular reconciliations between actual revenue received from tuition by students with number of students supposed to pay tuition fees. Any difference should be investigated and addressed.

Management comments and timeline for implantation

Recommendation noted. ACEs management will investigate the source of these differences.

8.5.3. Failure to open collection account for ACEs

Observation

According to the project customized operational manual of center 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:

- 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.
- 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.

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.

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.

However, during my review of operational activities of the ACEs I noted that, collection account was not yet opened yet the ACEs have started receiving revenues; Specifically, the administration fees amounting to **IoT Frw 1,310,000, ESD Frw 1,425,000, ITLMS Frw 1,482,000, DS Frw 3,900,000**, collected by the project were deposited to UR bank account due to lack of a designated account of the Centre.

Risk

There is a risk that ACEs will be unable to identify the collected revenues since they all use SPIU account for the same purpose.

Recommendation

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SPIU Management should open the collection account for easy tracking and transparency in the revenue collection system of the project.

Management comments and timeline for implantation

Recommendation is noted. The process of opening collection accounts is underway.

8.5.4. Weakness noted in preparing and signing bank reconciliations.

Observation

According to UR Financial Procedures Manual, section 3.5.1.2. All bank accounts should be reconciled regularly every month end and submitted at UR Head Office before 10 days ending the month reported for. The reconciliation must be prepared by the accountant, reviewed/checked and approved by the DAF.

In my review of the bank reconciliation statements of ACE-ILMS, I revealed that, monthly bank reconciliation statements throughout the year ended 30th June 2018 for ACE-ILMS were neither reviewed by the Director of Finance nor approved by any competent authority.

Also, I was not provided with bank reconciliations for other Centers of Excellence such as ACE-DS, ACE-ESD, and ACE-IoT.

Risk

There is a risk that, errors, fraud and other irregularities in bank transactions may occur if bank reconciliations are not properly prepared, reviewed and approved.

Recommendation

Bank reconciliations statements should be reviewed by the Director of Finance and Administration and approved by the management to ensure that they have been correctly

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prepared. These should be dated and signed by the preparer, reviewer and approver as evidence that they were reviewed and approved.

Also, Management should ensure proper preparation of monthly bank reconciliations for all bank accounts operated by UR Centers of Excellences.

Management comments and timeline for implantation

Recommendation noted. Bank reconciliations will be reviewed and signed.

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APPENDICES

Appendix 1. Review of Budget execution

ACE-ITLM

Particulars	Revised budget for the year 2017-2018 (A)	Actual budget for the financial year ended 30th June 2018 (B)	Valliances (A-B)	% of valliances (B/A*100)
Expenses				
Use of Goods and Services	573,720,962	212,969,731	360,751,231	37.12
Other Expenses	66,201,525	23,759,248	42,442,277	35.89
Capital Expenditure	262,228,078	10,758,742	251,469,336	4.10
Sub-total	902,150,565	247,487,721	654,662,844	27.43

ACE-DS

Particulars	Revised budget for the year 2017-2018 (A)	Actual budget for the financial year ended 30th June 2018 (B)	Valliances (A-B)	% of valliances (B/A*100)
Other Revenues	171,952,838.00	32,106,715	139,846,123.00	18.67
Expenses				
Use of Goods and Services	633,923,051	252,551,374	381,371,677	39.84
Other Expenses	47,754,742	15,013,434	32,741,308	31.44
Total	681,677,793	267,564,808	414,112,985	

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ACEs ESD

Particulars	Revised budget for the year 2017-2018 (A)	Actual budget for the financial year ended 30th June 2018 (B)	Valliances (A-B)	% of valliances (B/A*100)
Other Revenues	171,952,838	26,226,294	145,726,544	15.25
Other Expenses	84,106,712	33,603,265	50,503,447	39.95
Capital Expenditure	625,381,294	71,266,860	554,114,434	11.40
Sub-total	709,488,006	104,870,125	604,617,881	14.78

ACE -IOT

Particulars	Revised budget for the year 2017-2018 (A)	Actual budget for the financial year ended 30th June 2018 (B)	Valliances (A-B)	% of valliances (B/A*100)
Other revenue	85,976,419	33,790,891	52,185,528	39.30
Expenses				
Use of Goods and Services	523,811,332	121,855,223	401,956,109	23.26
Other Expenses	187,944,452	17,674,422	170,270,030	9.40
Capital Expenditure	562,859,242	15,394,032	547,465,210	2.73
Sub-total	1,274,615,026	154,923,677	1,119,691,349	12.15

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Appendix 2: Planned Tenders Not Awarded (ACE-DS)

Planned Tenders Not Awarded (ACE-DS)

S/ N	Description	Tendering Method	Planned contract signature date	Estimated cost in (Frw)
1	Subscription & Contracting various newspapers to publish the Center activities	Open Tender	5/6/2018	9,134,314
2	Purchase of Software licenses (statistical and M& E System)	Open Tender	5/6/2018	37,367,649
Total				46,501,963

Planned Tenders Not Awarded (UR-ACEIOT)

S/N	Description	Tendering Method	Planned contract signature date	Estimated cost in (Frw)
1	Subscription & contracting various newspapers to publish the center's notices	OCB	5/6/2018	8,303,922
2	Purchase of Software licenses	OCB	5/6/2018	41,519,610
Total				49,823,532

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Planned Tenders Not Awarded (UR-ESD)

S/N	Description	Tendering Method	Planned contract signature date	Estimated cost in (Frw)
1	supply of laboratory equipment (micro grid research labs	OCB	05/06/2018	Frw 631,098,067
	Total			Frw 631,098,067

Planned Tenders Not Awarded (ACE-ITLM)

S/N	Description	Tendering Method	Planned contract signature date	Estimated cost in (Frw)
1	Subscription to e-journals	OCB	05/06/2018	10,379,902
	Total			10,379,902

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Appendix 3: Unexplained difference

ACE DS

Receipts as at 30 June 2018	Fee structure in Rwf	
	EAC	Phd
Program		
Particulars		
Admission fee	10,000	12,000
Registration fee	75,000	90,000
Student Medical Insurance	7,000	8,400
Student Life Insurance	2,000	2,400
Student Union Contribution	1,000	1,200
Total Registration Fees	95,000	114,000
Number of Students	20	2
Expected Amount	1,900,000	228,000
Amount Paid	1,385,000	228,000
Difference	515,000	-

ESD

Receipts as at 30 June 2018	Fee structure in Rwf		
Program	Phd	EAC	Non-EAC
Admission fee		10,000	12,000
Registration fee		75,000	90,000
Student Medical Insurance		7,000	8,400
Student Life Insurance		2,000	2,400
Student Union Contribution		1,000	1,200
Total Administrative Fees		95,000	114,000
Number of student		16	-

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Expected Amount	1,520,000	-
Amount Paid	1,415,000	
Difference	105,000	

ITLMS

Receipts as at 30 June 2018	Program	Fee structure in Rwf	
		PhD	
		EAC	Non-EAC
Admission fee		10,000	12,000
Registration fee		75,000	90,000
Student Medical Insurance		7,000	8,400
Student Life Insurance		2,000	2,400
Student Union Contribution		1,000	1,200
Total Administrative Fees		95,000	114,000
Number of Students		12	3
Expected Amount		1,140,000	342,000
Amount Paid		1,130,000	342,000
Difference		10,000	-

IoT

Receipts as at 30 June 2018	Programs	Fee structure in Rwf
	ACE INTERNET OF THINKS	PHD/Masters/Short course
	Application on short course	EAC/Non EAC
	Application PHD/Master	20,000.00
	Admission fee	10,000
	Registration fee	75,000