



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


AFRICAN CENTER OF EXCELLENCE IN ENERGY FOR SUSTAINABLE DEVELOPMENT (ACE-ESD)

INTERNAL AUDIT REPORT FOR SEMI-ANNUAL
FINANCIAL YEAR ENDED 30 JUNE 2021


Prepared by;

| S/N | Names | Position |
|-----|--------------------|---------------------|
| 1 | MUNYANEZA Philippe | UR Internal Auditor |

Reviewed by;

| S/N | Names | Position | Signature |
|-----|-------------------|---------------------|---|
| 1 | NDAYAMBAJE Justin | UR Internal Auditor |  |

Supervised by;

| S/N | Names | Position | Signature |
|-----|------------------|-------------------------------|---|
| 1 | UWABABYEYI Diane | UR Ag. Chief Internal Auditor |  |

September, 2021

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DEVELOPMENT INTERNAL AUDIT REPORT**

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1. INTRODUCTION

1.1. PROJECTS BACKGROUND

University of Rwanda Centers of Excellence composed of the African Center of Excellence in Energy for Sustainable Development (ACEESD), African Center of Excellence in the 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 out 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 (CST), College of Education(CE), and College of Business and Economics (CBE) respectively, on behalf of the Government of Rwanda to overcome the identified gaps in handling big data, bioinformatics, 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.

1.2. OBJECTIVES

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.

1.3. SOURCES OF FUNDING

The University of Rwanda, Centers of Excellence are financed through credit Agreement no 5796- RW signed on 17th June 2016 between the Government of Rwanda and the International Development Association. The credit is valued at 20 USD million for a period starting

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from 30th September 2016 to 31st December 2023, where funds allocated to ACE-ESD worth USD 5.5 million for the period of 5 years.

Their funding mode is performance-based whereby plans and achievements must be guided by the set indicators to lead to funds disbursement (Disbursement Linked Indicators and Disbursement Linked results).

1.4. STRUCTURE

The daily activities of the University of Rwanda, African Center of Excellence academic programs are coordinated by Directors while University of Rwanda, Deputy-Vice-Chancellor for Finance and SPIU coordinator, coordinates the Finance and administrative services of UR-ACEESD.

1.5. RESPONSIBILITIES

1.5.1. 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 the 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.

1.5.2. Management responsibility

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

- 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.

1.6. AUDIT OBJECTIVES

The general objective of the review was to evaluate the adequacy and effectiveness of Africa Centers of Excellence (ACEs) at UR-SPIU, existing risk management, controls 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.

1.7. SCOPE OF THE AUDIT

The audit exercise covered Semi-Annual financial statement for UR-ACEs starting from **1st January to 30th June 2021.**

1.8. AUDIT APPROACH

The following approaches have been used.

Documentations desk reviews and Interviews where applicable: we reviewed different documents and discussed with SPIU and ACE management, and Center different staff 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 UR-ACEESD are properly managed.

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2. EXECUTIVE SUMMARY

2.1. AUDIT ON FINANCIAL STATEMENTS

Basis of our independent audit observation

We conducted an independent evaluation of the internal control system at UR-ACEESD 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. The 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 ESD 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 *UR-ACE ESD* provided us the information we deemed necessary for the audit, and we believe that we obtained sufficient evidence to support our independent opinion as stated below.

Planned Tenders not awarded as planned

We noted 1 tender for hiring a consultant to develop a business plan for the center with the total of **20,000 USD** planned to be awarded before June 2021, but up to the time of audit exercise in September 2021 were not awarded as planned.

CONCLUSION.

Based on the results of our evaluation above, in our opinion, the weaknesses noted bear Lower risk on the operations of ACEESD and except for the implications of those weaknesses, the internal control system at UR-ACEESD was satisfactory in design as of June 2021, when we concluded its evaluation.

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the associated terms of reference, the centers decided to change the name of the tender to better express the needs of the centers.

During the revision of the center's procurement plan, the concerned tender was planned under the new title of "Hiring consulting firm to develop ACEs Sustainability strategic plans with their associated annexes".

This tender was advertised on 15-01-2021 into two-stage tendering process but the first step (Shortlisting) failed, no firm was shortlisted because we only received two (2) firms that responded to the expression of Interest (EoI) which is contrary to the provisions of the law governing public procurement (in particular its article 68, paragraph 3).

This tender with a new title (1 step) has been re-advertised on 02-04-2021 and the 3 proposals were opened on 23/04/2021 and recommended to be shortlisted.

Now the tender is under contract negotiation phase with the First ranked consultant.