

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

COMPLIANCE AUDIT REPORT

For the year ended 30 June 2020

OAG Core Values

Integrity Independence Accountability
Objectivity Confidentiality

**AFRICAN CENTRE OF EXCELLENCE IN ENERGY FOR SUSTAINABLE
DEVELOPMENT (ACEESD)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2020**

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1. INTRODUCTION

1.1 Statement of purpose

The African Centers of Excellence (ACEs) financed under the ACE II Project supports the Governments of **eight (8)** participating countries (namely Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda and Zambia) to collectively address key development challenges facing the Eastern and Southern Africa region through interventions in developing critically-needed science and technology capacity. Accordingly, the International Development Association availed to Rwanda a credit amounting to **SDR 14,500,000** (Special Drawing Right) equivalent to **USD 20,000,000** to strengthen selected Higher Education Institutions.

1.2 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 17th October 2016
Project end date:	The project last disbursement date is 30 June 2022
	The project expected completion date is 31 December 2022
Project Manager	Dr. Charles KABIRI
Project budget by donor	World Bank: USD 5.5 million
Total cost of the project	USD 5.5 Million
Implementing Agency	University of Rwanda

1.3 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.

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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	<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 table below shows the number, category of students and their intakes:</p> <table border="1" data-bbox="579 1391 1331 1984"> <thead> <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> </thead> <tbody> <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> </tbody> </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	-
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1.4 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

1.5 Bankers

The following are the bankers for the current year:

National Bank of Rwanda.
Bank of Kigali

1.6 Auditors

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

1.7 Center Management Team

The management team that held office during the year ended 30 June 2020 are included in the table below:

s/n	Name	Position
1	Françoise KAYITARE TENGERA	Deputy Vice Chancellor For Finance
2	Dr Ignace GATARE	Principal-College of Science and Technology/University of Rwanda
3	Prof. Etienne NTAGWIRUMUGARA	Centre Director up to 25 June 2020
4	Dr. Charles KABIRI	Deputy Centre Director from 25 th June 2020 up to date
5	Immaculate BUGINGO	UR SPIU Coordinator
6	Maurice Phabian Kanamugire	Ag. UR SPIU Director of Administration and Finance
7	Landuard KIRIKIRI	Centre Administrator
8	JMV HARINDINTWALI	Accountant

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1.8 Funding Summary

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

Source of funds	Commitment	Cumulative amount received to 30 June 2020	Cumulative amount received to 30 June 2020	Undrawn balance to	*Undrawn balance
	(A)	(B)	(C)	D=(A)-(B)	E= (D*937.077)
	(in USD)	(in USD)	(in Frw)	(in USD)	(Frw)
Loan					
World Bank	5,500,000	2,758,601	2,383,960,530.71	2,741,399	2,568,902,392
Total	5,500,000	2,758,601	2,383,960,530.71	2,741,399	2,568,902,392

**Undrawn balance of USD as at 30 June 2020 was translated into Frw using BNR quoted average rate on 30 June 2020 which is 1USD=Frw 937.077161*

Below are details of amount received from World Bank up to 30 June 2020:

Date received	Amount received	Exchange rate	Total amount in local currency
	USD		Frw
20/04/2017	1,100,000	826.192	908,811,200
13/5/2019	370,101	883.972	327,158,921
13/5/2019	511,000	883.972	451,709,692.00
14-Aug-19	507,500	894.653603	454,036,704
17-Mar-20	270,000	920.675726	248,582,446
TOTAL	2,758,601		2,390,298,963

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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 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, **ACEESD** 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: December 23rd 2020

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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 **African Centre of Excellence in Energy for Sustainable Development (ACEESD)** complied with applicable laws, regulations, guidelines and realized value for money in incurring expenditure for the year ended 30 June 2020 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 **African Centre of Excellence in Energy for Sustainable Development (ACEESD)** complied in all material respects, with applicable laws, regulations, guidelines and realized value for money in incurring expenditure. The opinions I expressed are described below:

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

In my opinion, based on audit work performed, **African Centre of Excellence in Energy for Sustainable Development (ACEESD)** complied, in all material respects with applicable laws, regulations and guidelines regulating public spending in incurring expenditure for year ended 30 June 2020.

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)** 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 2020.

3.2 Basis for Opinions

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.

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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)** 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.


BIRIRO R. Obadiha
AUDITOR GENERAL
KIGALI
Dec 2020

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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 2020. I also evaluated whether ACEESD realized value for money in utilization of public funds for the year ended 30 June 2020.

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

- Law N° 12/2007 of 27/03/2007 on public procurement;
- Law N° 05/2013 of 13/02/2013 modifying and completing the Law N° 12/2007 of 27/03/2007 on public procurement;
- Law N°62/2018 of 25/08/2018 governing public procurement;
- Law N° 86/2013 of 11/09/2013 establishing the general statutes for public service;
- Law N° 003/2016 of 30/03/2016 governing maternity leave benefit scheme;
- Law N° 016/2018 of 13/04/2018 establishing taxes on income;
- Law N° 37/2012 of 09/11/2012 establishing the value added *tax*;
- Law N° 25/2005 of 04/12/2005 on tax procedures;
- Presidential order N° 144/01 of 13/04/2017 determining modalities for recruitment, appointment and nomination of public servants;

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- Presidential Order N° 46/01 of 26/07/2011 governing modalities for the recruitment, appointment and nomination of public servants;
- Prime Minister's Order N° 121/03 of 08-09-2010 establishing the procedures of performance appraisal and promotion of public servants;
- Ministerial Order N° 03/MIFOTRA/15 of 09/06/2015 determining modalities for recruiting contractual staff in public service ;
- Ministerial order N° 001/14/10/TC of 19/02/2014 establishing regulations on public procurement, standard bidding documents and standard contracts;
- Signed loan agreement No. 5796RW between Government of Rwanda and International Development Association and related Project implementation plan;
- Performance and financing agreement regarding the provision of proceeds of IDA credit for Eastern and South Africa Higher Education Centers of Excellence-ACEII (Credit No.5796RW)
- Eastern and South Africa Higher Education Centers of Excellence-ACEII Customized Project Operational Manual.

4.2.2. Realization of 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 PROCUREMENT PROCEDURES IN
INCURRING EXPENDITURE**

5.1.1. Planned tender for hiring a Consultant to develop a business plan not awarded

Review of the procurement plan and the procurement execution report for the year ended 30 June 2020 revealed that UR-ACEs failed to award a tender worth **Frw 45,000,000** for hiring a Consultant to develop a business plan for the four (4) ACEs (ACE-ITLMS, ACE-ESD, ACE-IoT and ACE-DS). The contribution of ACE-ESD was **Frw 11,250,000 (45,000,000/4)**.

This is attributable to inadequate planning and budgeting of tenders that need to be awarded during a financial year.

Risk

Failure to award the above planned tender implies that the business plan for ACE-ESD was not developed as planned. Hence, the intended project objectives could not be timely attained.

Recommendation

Management of ACE-ESD should ensure that the annual procurement plan reflects the priority activities of the Center. The procurement plan should be prepared after a proper evaluation of needs from user departments. The factors that lead to failure to award planned tender should be identified and properly dealt with.

Management comment

The tender was not awarded during the year under audit because the terms of reference were not adequately designed. Terms of reference were revised to meet the need of the Center. Currently, the process to award the tender is underway. Expression of interests is being finalised and will thereafter be published in e-procurement system. The aim of developing the business plan is to ensure sustainability of the Centre after World Bank funding.

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5.2. REVIEW OF COMPLIANCE WITH TAX LAWS AND REGULATIONS

5.2.1. Withheld taxes paid but not declared to Rwanda Revenue Authority

Observation

Article 63 of the law n° 016/2018 of 13/04/2018 establishing taxes on income states that the person who withholds taxes in provision of article 59 to 62 of the same law is required to file a tax declaration and make payment in accordance with the procedures prescribed by the tax administration within a period of fifteen (15) days after the month in which the taxes were withheld.

Contrary to the above provision, there were no evidences of declaration of taxes amounting to **Frw 520,062, Frw 616,133 and Frw 3,729,336** relating to tax withheld of (3%); 15% and 18% respectively arising from invoices paid during the year under review. Further, there was no proof of declaration of 15% withholding taxes amounting to **USD 1,386 and EUR 38,276.67**. *See details in the table below:*

Payment date	Account and Description	Invoice amount	Paid but undeclared withheld tax 3%	Paid but undeclared withheld tax 15%	Paid but undeclared VAT 18%
		Frw	Frw	Frw	Frw
22/1/2020	UR ACEENERG SUST DEV Training hotel facility (Payment restaurant LA PALISSE)	7,010,000	178,220	-	1,069,322
19/7/ 2019	UR ACEENERG SUST DEV Internet Costs (Payment Preview solution for network)	9,146,086	253,235	-	704,907
7/10/2019	Payment Mustafa for teaching services	4,107,555	-	616,133	-
20/10/2019	Payment Air ticket of Dr Kabiri and Prof Ntagwirumugara	329,434	9,883	-	-
19/7/2019	Payment LAPALISSE restaurant used to perform activities of the center	6,732,000	-	-	1,026,915
31/01/2020	payment previewsolution for IT equipment	2,264,687	78,724	-	928,192
Total			520,062	616,133	3,729,336
		USD	USD	USD	USD
29/1/2020	Payment for teaching services to Dr Francis Mulolani	3,000	-	450	-

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Payment date	Account and Description	Invoice amount	Paid but undeclared withheld tax 3%	Paid but undeclared withheld tax 15%	Paid but undeclared VAT 18%
		Frw	Frw	Frw	Frw
28/1/2020	Payment for teaching services to Dr MULUGETA	6,240	-	936	-
Total		9,240		1,386	
		EUR	EUR	EUR	EUR
31/12/2019	Laboratory equipment phase II	255,177.83		38,276.67	-
Total				38,276.67	

Risks

Failure to declare paid taxes may cause suspense in the books of tax administration authority which may lead to fines and penalties being levied by the tax administration.

Recommendation

Management of ACE-ESD should ensure that all taxes are paid and declared to RWANDA Revenue Authority (RRA) within the prescribed deadlines. Management should follow up to ensure the above taxes are declared to RRA.

Management comment

The observation is noted. UR and RRA are making reconciliation between their data and UR taxes return, any omission is being rectified.

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6. IMPLEMENTATION OF PREVIOUS YEAR AUDIT RECOMMENDATIONS

6.1. REVIEW OF MANAGEMENT OF FIXED ASSETS

6.1.1. Damaged assets not yet repaired

Observation

As highlighted in previous year audit reports, the physical inspection of fixed assets carried out on 18 December 2019, noticed twenty one (21) damaged visitors chairs with the total costs of **Frw 420,000**. The audit recommended management to prepare a plan to maintain those damaged assets. On 10 July 2019 ACEESD management addressed a letter to the College of Science and Technology showing the list of assets to be repaired/maintained. However, up to the time of audit in November 2020, the assets were not yet repaired /maintained.

Risks

In absence of any action taken to maintenance and repair the chairs, the economic life of the visitors' chairs is reducing 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 the above chairs are quickly repaired and put to use. In addition, Management should prepare assets maintenance plan to ensure that damaged assets are timely repaired.

Management comment

The recommendation is noted. The tender for repair was published on 16 November 2020. Once the tender is awarded to the successful bidder, maintenance of assets will be done.

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6.1.2. 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 **71%** of the audit recommendations made in the previous audit were implemented, while the remaining **29%** were partially implemented. *See the summary in the table below:*

1. Total number of findings raised in the previous audit report	7
2. Number of recommendations that are not applicable	0
3. Number of recommendations that were applicable at the time of audit	7
4. Number of recommendations that have been fully implemented as at time of current audit	5
5. Number of recommendations that have been partially implemented as at time of current audit	2
6. Number of recommendations not implemented as at time of current audit	0
7. Percentage of previous recommendations fully implemented (no.4/no.3)*100	71%
8. Percentage of previous recommendations partially implemented (no.5/no.3)	29%
9. Percentage of previous recommendations not implemented (no.6/no.3)*100	0%

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 full implementation of audit recommendations.

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.	Audit observation	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	Comments
1	<p>ISSUES FROM AUDIT REPORT ON FINANCIAL STATEMENTS</p> <p>Limitation in re-performing bank reconciliation</p> <p>Observation</p> <p>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.</p> <p>Discussion with management revealed that bank accounts were not linked with the accounting system in place (<i>Integrated Education Business Management Information Systems/EBMIS</i>). As such, this new system could not recognize the actual date of transaction, instead it recognised the date of recording.</p> <p>Recommendations</p> <p>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</p>	√			<p><i>No similar case has been noted during the current audit. Bank reconciliations were prepared.</i></p>

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	transactions and performance of the monthly bank reconciliation.				
2.	<p>Unsupported Payables</p> <p>Observation</p> <p>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.</p> <p>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.</p> <p>Recommendations</p> <p>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.</p>	<p align="center">√</p> <p><i>RWANDAIR confirmed that UR-ACEESD does not owe them money.</i></p>			
3.	<p>ISSUES FROM COMPLIANCE AUDIT REPORT</p> <p>Slow pace of disbursement of project funds</p> <p>Observation</p> <p>On 17th June 2016 the Republic of Rwanda (“<i>Recipient</i>”) and International Development Association (“<i>Association</i>”) signed a financing agreement (No 5796RW) for the Eastern and Southern African Higher Education Centres of</p>	<p align="center">√</p> <p><i>The current audit noted that the disbursement increased to 66% after considering the amount</i></p>			

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	<p>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.</p> <p>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.</p>	<p><i>approved by the Work Bank</i></p>			
	<p>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. Discussion with management did not reveal any documented reason for this slow pace of absorption of the project funds.</p> <p>Recommendation</p>				
4.	<p>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.</p> <p>Lack of International Scientific Advisory Board for ACEESD</p> <p>Observation</p>	<p>✓</p>			<p><i>The International Scientific Advisory Board was appointed on 1 September 2020 and held the first meeting virtually on 3rd September 2020.</i></p>
	<p>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</p>				

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	<p>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.</p> <p>Recommendation</p> <p>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.</p>				
5.	<p>Significant delay to remit the withholding tax deducted from supplier invoice to RRA</p> <p>Observation</p> <p>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.</p> <p>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.</p>		√		<p>No issue of delay in remittance of taxes withheld has been noted during the current audit. However, the issue of withheld taxes that were not declared has been raised. Refer to section 5.2.1 of the compliance audit report.</p>

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	<p>However, the audit noted that on 23 November 2018, ACEESD/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.</p> <p>Discussion with management did not reveal documented reason for this non-compliance with tax regulations.</p> <p>Recommendation</p> <p>ACEESD Management should always ensure that all taxes deducted on supplier invoices are timely remitted to RRA.</p>				
6.	<p>Lack of periodical physical verification of Assets Observation</p> <p>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.</p> <p>Recommendations</p> <ul style="list-style-type: none"> 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. 	√			<p><i>During the year under review, the appointed committee conducted physical verification of assets twice. From June to December 2019, and from January to June 2020.</i></p>

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No.	Audit observation	Recommendation fully implemented	Recommendation partially implemented	Recommendation not implemented	Comments
7	<p>Lack of maintenance/Repair plan of ACEESD damaged assets</p> <p>Observation</p> <p>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.</p> <p>Recommendation</p> <p>The Center management should ensure that those chairs are quickly repaired and put to use.</p>		√		<p>On 10 July 2019 ACEESD management wrote a letter to College of Science and Technology highlighting the list of assets to be repaired/maintained. However, there is no status of assets already repaired/maintained up to the time of current audit in November 2020. Refer to section 6.1.1 of the current compliance audit report.</p>
Total: 7		5	2	0	

