

**AFRICAN CENTRE OF EXCELLENCE
IN DATA SCIENCES (ACEDS)**

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 DATA SCIENCES (ACEDS)**

AUDIT REPORTS

For the year ended 30 June 2019

**AFRICAN CENTRE OF EXCELLENCE
IN DATA SCIENCES (ACEDS)**

**AUDIT REPORT ON FINANCIAL
STATEMENTS**

For the year ended 30 June 2019

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1. INTRODUCTION

1.1. Background to the project

The African Center of Excellence in Data Sciences (ACE-DS) is one of 24 centers financed by the World Bank in Eastern and Southern Africa Higher Education Centers of Excellence Project (ACE II). It is a competitive loan won by the University of Rwanda-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. The table below summarizes other key project information.

Description	Key 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 17 October 2016
Project End Date:	The project completion date is 31 December 2022 The project last disbursement date is 30 June 2022
Project Manager:	The project manager is Dr Charles Ruranga
Project Budget by donor	List donor(s) name, amount and currency 1. World Bank: 4.5 Million (USD)
Total cost of the project	4.5 Million (USD)
Implementing Budget Agency	Implementing Budget Agency is: University of Rwanda
Programs offered by ACE DS in both masters and PHD	ACE DS offered masters and PhD in different programs where since the center started have had 52 master's students and 45 PhD students both 1 st and 2 nd cohort. Since the center started had only 1 intake for Masters and 2 intake for PhD. Both Masters and PhD were offered in five programs named: <ul style="list-style-type: none">• Data Mining,• Econometrics,• Biostatistics,• Actuarial Science, and• Demography.

	The Center also offered one short course on teaching in higher learning institutions delivered in two rounds. The first one took place in July 2018 with 16 trainees and the second round took place in November 2018 with 38 trainees.
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1.2. Mission of the project

The African Center of Excellence in Data Sciences (ACE-DS) has a mission of addressing specific development challenges by:

- Offering a research hub for postgraduate students, attracting international expertise and practitioners;
- Stimulating collaboration between academics, partners and stakeholders;
- Demonstrating the relevance of the center for innovation, job creation and economic prosperity; and
- Securing resources to stimulate multidisciplinary collaborative international research projects.

1.3. Registered office

The Project is implemented by the University of Rwanda. It is domiciled in Kicukiro District, City of Kigali, Rwanda.

1.4. Bankers

The following are the bankers for the current year:

- (i) National Bank of Rwanda
- (ii) Bank of Kigali

1.5. Auditors

The project is audited by the Office of the Auditor General of State Finances.

1.6. Organizational structure

The daily academic activities of the African Centre of Excellence in Data Sciences are coordinated by the Centre Director while the Administration and Fiduciary functions are coordinated by SPIU coordinator who is supervised by the Deputy Vice Chancellor for Finance of University of Rwanda.

**UNIVERSITY OF RWANDA - AFRICAN CENTRE OF EXCELLENCE IN DATA SCIENCES
(ACE DS)
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The management who served the project during the year ended 30 June 2019 is as follows:

Name	Role	Position	Contact Information
Françoise Kayitare Tengera	Chief Budget Manager	DVC for Finance	dvc.fa@ur.ac.rw
Immaculate Bugingo	Coordination	UR SPIU Coordinator	immabugingo@yahoo.com
Dr. Charles Ruranga	Director	ACE-DS Director	cruranga@gmail.com
Samuel Nizeyimana	Finance management	Former UR SPIU DAF (till 30th April 2019)	snizeyimana@yahoo.fr
Maurice P. Kanamugire	Finance management	Ag. UR SPIU DAF (From 1st May 2019 up to date)	mauricespiufms@gmail.com
Leandre Ngiruwonsanga	Finance management	Former ACE DS accountant (till Dec 2018)	ngiruwonsangal@yahoo.co.uk
Thereza C. Gasengayire	Finance management	Current accountant, from (4th March 2019)	ctgasengayire@gmail.com

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 determined 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 Data Sciences (ACE-DS)** 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 Data Sciences (ACE-DS)**. I further confirm that **African Center of Excellence in Data Sciences (ACE-DS)** maintained proper accounting records that may 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 Data Sciences (ACE-DS)** 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

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 Data Sciences (ACE-DS)** 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 8 to 19.

In my opinion, the accompanying financial statements give a true and fair view of the financial position **African Center of Excellence in Data Sciences (ACE-DS)** 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 for 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 Data Sciences (ACE-DS)** 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 Organisation 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.

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 Data Sciences** 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 Data Sciences'** 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 Data Sciences**.

Those charged with Governance of this African Center of Excellence in Data Sciences (ACE DS) are the project Steering Committee as per establishing funding agreement. They are responsible for overseeing ACE DS's financial reporting process.

3.4 Auditor General's Responsibility

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.
- 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 African Center of Excellence in Data Sciences' 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. Obadiya
AUDITOR GENERAL
KIGALI
.....2020

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 Frw	12 months to 30 June 2019 Frw
Revenues			
Operating revenue			
Transfers from Other Government Reporting Entities	2	62,826,715.29	-
Other Revenue	3	39,065,663.48	32,106,715
Total operating revenues		101,892,378.77	32,106,715
Loans and borrowings			
Proceeds from borrowings	4	397,580,515.19	-
Total Revenues (A)		499,472,893.50	32,106,715
Operating expenses			
Use of Goods and Services	5	250,555,582.66	252,551,374
Other Expenses	6	129,379,129.82	15,013,434
Total operating expenses		379,934,712.48	267,564,808
Capital payments			
Capital Expenditure	7	58,741,977.20	81,497,586
Total expenses (B)		438,676,689.68	349,062,394
Deficit/Surplus for the year (C=A-B)		60,796,203.82	(316,955,679)

The notes on pages 13 to 19 form an integral part of the financial statements.

4.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

Description	Notes	12 months to 30 June 2019 Frw	12 months to 30 June 2019 Frw
Financial Assets			
Bank Balances	8	681,305,997.4 3	576,909,775
Accounts Receivables and Advances	9	5,513,000	5,513,000
Less: Financial liabilities			
Accounts Payables	10	44,477,052.61	877,034
Net Financial assets		642,341,944.8 2	581,545,741
Representing			
Accumulated surplus (Deficit) from previous years	11	581,545,741	898,501,420
Net surplus / (Deficit) for current year		60,796,203.82	(316,955,679)
Total closing balances		642,341,944.8 2	581,545,741

The notes on pages 13 to 19 form an integral part of the financial statements.

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

Description	12 months to 30 June 2019 Frw	12 months to 30 June 2019 Frw
Cash flow from operating activities		
Transfers from other Government Reporting entities	62,826,715.29	0
Other revenue	39,065,663.48	32,106,715
Total Cash inflow from operating activities	101,892,378.77	32,106,715
Payments for operating expenses		
Use of Goods and Services	(250,555,582.66)	(252,551,374)
Other Expenses	(129,379,129.82)	(15,013,434)
Total operating expenses	(379,934,712.48)	(267,564,808)
<i>Adjusted for</i>		
Changes in receivables	0	(5,513,000)
Changes in payables	43,600,018.61	877,034
Adjustment during the period	0	0
Net cash flow from operating Activities (A)	(234,442,315.10)	(240,094,059)
Cash flows from Investing Activities		
Purchase of capital items	(58,741,977.20)	(81,497,586)
Net cash flows from Investing Activities (B)	(58,741,977.20)	(81,497,586)
Cash flow from Financing Activities		
Proceeds from borrowing	397,580,514.73	0
Net cash flow from financing activities (C)	397,580,514.73	0
Net increase/ Decrease in cash and cash equivalents (D=A+B+C)	104,396,222.43	(321,591,645)
Cash and cash equivalent at Beginning of the year	576,909,775	898,501,420
Cash and cash equivalent at end of the period	681,305,997.43	576,909,775

The notes on pages 13 to 19 form an integral part of the financial statements.

4.4. BUDGET PERFORMANCE REPORT FOR THE YEAR ENDED 30 JUNE 2019

Description	Revised Budget - Frw	Actual Amounts- Frw	Variance	Performance
	A	B	A-B	(B/A)*100
Revenue				
Transfers from other Government Reporting entities	62,826,715	62,826,715.29	0	100%
Other revenue	168,095,285.06	39,065,663.48	129,029,622	23%
Proceeds from borrowings	462,067,248.57	397,580,514.73	64,486,734	86%
Total Revenue	692,989,249	499,472,893.21	193,516,355	72%
Expenses				
Use of Goods and Services	459,376,779.48	250,555,582.66	208,821,197	55%
Other Expenses	157,977,003.44	129,379,129.82	28,597,874	82%
Capital Expenditure	75,635,466.00	58,741,977.20	16,893,489	78%
Total expenses	692,989,248.92	438,676,689.68	254,312,559	63%

The notes on pages 13 to 19 form an integral part of the financial statements.

Explanation on variances

Explain the major variances observed above:

- (i) **Other revenue:** There was a fund planned to be obtained during the year ended 30 June 2019 from grant proposal written. Unfortunately that fund was not received because the centre proposal namely the incubation centre proposal was not finally selected though it was appreciated during the site visit but at the final stage it was not funded.
- (ii) **Proceeds from borrowings:** The variance is due to the results achieved during the year 2018/2019 but was not verified in the same period. For that reason the Center could not receive the related disbursement in the year ended 30 June 2019. Those results are MoUs, accreditation of ACEDS MSc and PhD programs nationally accredited and participation in PASET benchmarking. The disbursement linked to those results will be disbursed in the year 2019/2020 after verification.
- (iii) **Use of goods and services:** The variance is mainly due to the budget which was allocated to the renovation works which were not done.
- (iv) **Other expenses:** The variance was due the training of PhD and MSc students for proposal writing not conducted because MSc students were busy with their courses and PhD with their research proposals. The other reason was the budget allocated to PhD research support not spent as planned.
- (v) **Capital expenditure:** laptop for staff involved in research which was not purchased because the team to work on identified research areas was not well established for them to have computers of the Center.

**UNIVERSITY OF RWANDA - AFRICAN CENTRE OF EXCELLENCE IN DATA SCIENCES
(ACE DS)
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

The financial statements were approved by African Center of Excellence in Data Sciences management and were signed on its behalf by:

Prepared by: GASENGAYIRE C. Thereza
Project Accountant – ACE DS


Signature

17/1/2020
Date

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


Signature


17/1/2020
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 are 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 as 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 Data Sciences.

c) Presentation Currency

The functional and reporting currency for financial statements is Rwanda Francs, being the currency of legal tender in Rwanda.

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 the 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.

- **Other revenue**

These are funds for admission, registration fees in Masters and PhD program paid by students, short course training fees paid by participants and gain of currency exchange rates.

- **Proceeds from borrowings**

Borrowings are external loan received from World Bank.

e) Expenditure

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

f) Bank balances

Bank balances comprise of cash at bank.

g) Accounts receivable

Receivables relate to amount due by the University of Rwanda (College of Business and Economics). This amount is for admission, registration fees for PhD Rwandan students and short course training fees paid on the College account since ACE-DS has no collection account.

h) Accounts payable

These mainly relate to invoices for goods and services which were outstanding on the date of the closure of the fiscal year and returned payments not yet repaid to the beneficiaries on the date of the closure of the fiscal year. These are recognized as liabilities for that specific fiscal year.

i) Foreign currencies

Transactions denominated in foreign currencies are translated to the Rwandan Franc at the rate of exchange issued by the National Bank of Rwanda (BNR) applicable for the dates of the transaction. At the balance sheet date, book balances denominated in foreign currencies are converted into Rwandan Francs at the rate of exchange ruling on that date as issued by BNR. The associated exchange losses/gains are recorded as expenditure/ income in the books of account.

2. Transfer from Other Government Reporting Entity

ID ACCOUNT	Description	12 months to 30 June 2019	12 months to 30 June 2019
		Frw	Frw
139112	University of Rwanda	62,826,715.29	-
	Total	62,826,715.29	-

3. Other revenue

During the 12 months to 30 June 2019, the Project received funds for admission, registration fees for PHD Rwandan students, short course training fees and gain of currency exchange translations as detailed in the table below:

ID ACCOUNT	Description	12 months to 30 June 2019	12 months to 30 June 2018
		Frw	Frw
142	Revenue from Trainings	174,479	0
144	Administrative Fees	0	5,513,000
145	Gain of currency exchange and translations	25,564,099.06	26,593,715.00
145	Other Miscellaneous Income	529,389.00	0
145	Unidentified revenue	12,797,696.42	0
	Total	39,065,663.48	32,106,715

4. Proceeds from borrowings

Name of Lender	Request Number	Receiving date (this is the date on which funds were credited on bank account)	Amount in disbursement currency (USD)	Exchange Rate (Frw)	Amount in local currency for the period ended 30 June 2019 (Frw)
		(A)			(D=B*C)
World Bank	1	13/05/2019	109,000.00	883.972	96,352,948.00
World Bank	2	13/05/2019	340,765.96	883.972	301,227,567.19
Total			449,765.96		397,580,515.19

5. Use of goods and services

During 12 months to 30 June 2019, African Center of Excellence in Data Sciences 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	39,678,339.74	5,547,419
222	Professional, Research services	42,887,482.08	27,629,216
223	Transport and travel	95,942,851.26	46,767,751
224	Maintenance, Repairs and Spare Parts	23,667,466.31	121,980,954
226	Training Costs	48,379,443.27	50,626,034
	Total	250,555,582.66	252,551,374

6. Other expenses

During the 12 months to 30 June 2019, African Center of Excellence in Data Sciences incurred other expenses as detailed in the table below:

ID ACCOUNT	Description	12 months to 30 June 2019	12 months to 30 June 2018
		Frw	Frw
288	Education Non Reimbursable Scholarships	58,947,000.00	0
288	Student living allowance	70,432,129.82	15,013,434
	Total	129,379,129.82	15,013,434

7. Capital expenditure

During the 12 months to 30 June 2019, African Center of Excellence in Data Sciences 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	58,741,977.20	81,497,586
	Total	58,741,977.20	81,497,586

8. Bank balances

The following were bank balances as at 30 June 2019:

ID Account t	Account details	Account t No.	Account curren cy	Amount in foreign currenc y	Exch · rate	Balance as at	Balance as at
						30 June 2019	30 June 2018
						Frw	Frw
Local currency accounts							
311519	Bank of Kigali	0094-07744796-73	RWF		-	68,545,524	-
Foreign currency accounts							
311390	National Bank of Rwanda	1000038047	USD	670,500.08	898.28344	602,299,118.38	576,909,775
311420	Bank of Kigali	0094-07744797-74	USD	11,645.94	898.28344	10,461,355.05	-
	Total			682,146		681,305,997.43	576,909,775

9. Accounts receivable

The following were accounts receivable as at 30 June 2019:

Debtors' name	Balance as at 30 June 2019 Frw	Balance as at 30 June 2018 Frw
University of Rwanda (College of Business and Economics)	5,513,000	5,513,000
Total	5,513,000	5,513,000

10. Accounts payable

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

Creditor's name	Balance as at 30 June 2019	Balance as at 30 June 2018
	Frw	Frw
PREVIEW SOLUTION	32,238,851	
GOOD FRIENDS PAPETERIE	473,000	
MAGASIN KAJAL	3,110,000	
PREMIER TRANSPORT SERVICE	514,880	
VIRUNGA HOTEL	304,000	
TOURS DES PAYS DES GRANDS LACS (TPGL)	162,440	
RWANDA TOURISM AND TRAVEL AGENCY	137,000.81	

Creditor's name	Balance as at 30 June 2019	Balance as at 30 June 2018
	Frw	Frw
VIRUNGA HOTEL	867,000	
CGES/ATT	109,600	
CGES/ATT	730,980	
CGES/ATT	548,000	
Returned Payments	4,910,320.80	877,034
Other accounts payable	34,480	
Broad Band Systems Corporation	336,500	
Total	44,477,052.61	877,034

11. Accumulated surplus from previous years

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

ID ACCOUNT	Description	Balance before adjustments	Adjustments	Balance after adjustments
		Frw	Frw	Frw
511101	Bank Balances	576,909,775	-	576,909,775
511102	Accounts Receivable	5,513,000	-	5,513,000
511103	Accounts Payable	(877,034)	-	(877,034)
	Total	581,545,741	-	581,545,741

12. Important Disclosures

12.1. Undrawn Loan and Grant Balances

Source of funds	Donor Commitmen t	Amount received (drawn) to date (30 th June 2019)	Amount received (drawn) to date (30 th June 2019)	Undrawn balance to date (30 th June 2019)	Undrawn balance to date (30 th June 2019)
	(USD)	(USD)	(in Frw)	(USD)	(in Frw)
	(A)	(B)		(A)-(B)	
(i) Loan					
World Bank	4,500,000	1,549,765.96	1,300,053,283.19	2,950,234.04	2,650,146,382.26
(ii) Grant	0	0	0	0	0
Total	4,500,000	1,549,765.96	1,300,053,283.19	2,950,234.04	2,650,146,382.26

12.2. Tuition fees from students for the period 2018-2019

Description	Number of students	Fees per activity	Total expected revenue
		Frw	Frw
Application fees			
Applied students for masters			
National and EAC	79	10,000	790,000
Internationals	2	12,000	24,000
Applied students for PhD			
National and EAC	32	10,000	320,000
Internationals	2	12,000	24,000
Sub-total (A)			1,158,000
Registration fees			
Masters			
National and EAC	49	85,000	4,165,000
Internationals	2	114,000	228,000
Total			4,393,000
1st cohort PhD(continuing students)			
National and EAC	18	60,000	1,080,000
Internationals	2	77,000	154,000
2nd cohort PhD			
National and EAC	21	85,000	1,785,000
Internationals	1	114,000	114,000
Sub-total (B)			7,526,000
Tuition fees			
Masters	51		64,250,000
Local and EAC	49	1,250,000	61,250,000
Internationals	2	1,500,000	3,000,000
PhD 1st Cohort	20		28,560,000
Local and EAC	18	1,400,000	25,200,000
Internationals	2	1,680,000	3,360,000
PhD 2nd Cohort	22		31,080,000
Local and EAC	21	1,400,000	29,400,000
Internationals	1	1,680,000	1,680,000
Sub-total (C)			123,890,000
Less: UR Staff with Tuition fees waiver (D)	10	1,400,000	14,000,000
Grand total revenues (E)=(A+B+C-D)			118,574,000
Transfer from UR (F)			3,879,715
Total paid by Center as scholarship expenses (G)			58,947,000
Receivables from Students in the Books of UR (I)=(E-F-G)			55,747,285

DETAILED AUDIT FINDINGS

5. REVIEW OF BUDGET EXECUTION

5.1. Low execution rate of budget for the year ended 30 June 2019

Observations

Comparison of budgeted amount to the actual amount spent revealed low execution rate of budget for other revenue, proceeds from borrowing, use of goods and services and capital expenditure. Hence, this may delay the achievement of ACE DS objectives. *See details of significant variance in the table below:*

Budget line	Budgeted amount	Actual amount	Variance	Performance
	(A)	(B)	C=(A-B)	(D= B/A)*100
Revenue	Frw	Frw	Frw	Frw
Other revenue	168,095,285.06	39,065,663.48	129,029,622	23%
Proceeds from borrowings	462,067,248.57	397,580,514.73	64,486,734	86%
Expenses				
Goods and Services	459,376,779.48	250,555,582.66	208,821,197	55%
Other expenses	157,977,003.44	129,379,129.82	28,597,874	82%
Capital expenditure	75,635,466.00	58,741,977.20	16,893,489	78%

Risks

In addition, ACE DS objectives may not be achieved within planned period. Further, there is risk of loss of government funds that could result from charges that may be applied on unwithdrawn loan amount.

Recommendations

ACE DS Management should identify causes of low execution rate of the budget and take corrective measures. In addition, Management should ensure proper and timely implementation of AC DS activities.

Management comments

Other revenue: *There was a fund planned to be obtained during the year ended 30 June 2019 from grant proposal written. Unfortunately that fund was not received because the centre proposal namely the incubation centre proposal was not finally selected though it was appreciated during the site visit but at the final stage it was not funded.*

Proceeds from borrowings: *The variance is due to the results achieved during the year 2018/2019 but was not verified in the same period. For that reason the Center could not receive the related disbursement in the year ended 30 June 2019. Those results are MoUs, accreditation of ACEDS MSc and PhD programs nationally accredited and participation in PASET benchmarking. The disbursement linked to those results will be disbursed in the year 2019/2020 after verification.*

Use of goods and services: *The variance is mainly due to the budget which was allocated to the renovation works which were not done.*

Other expenses: *The variance was due the training of PhD and MSc students for proposal writing not conducted because MSc students were busy with their courses and PhD with their research proposals. The other reason was the budget allocated to PhD research support not spent as planned.*

Capital expenditure: *laptop for staff involved in research which was not purchased because the team to work on identified research areas was not well established for them to have computers of the center.*

6. REVIEW OF BANK BALANCE

6.1. Weakness noted in preparation of monthly bank reconciliation statements

Observations

- **Failure to prepare bank reconciliation statements:** The ACE-DS is currently managing two (2) collection bank accounts and one account through which the disbursement from World Bank are received. This was required by section 4.2.1 of the Project Operational Manual which states that funds are collected through two different bank accounts (Specific account: specifically to receive money disbursed from World Bank to finance the project and Collection accounts: to receive money from different other sources). Refer to table below for details of bank accounts opened;

S/n	Bank Name	Account Number	Account Currency	Balance as at 30 June 2019 (Frw)
1	National Bank of Rwanda	1000038047	USD	602,299,118.38
2	Bank of Kigali	0094-07744796-73	FRW	68,545,524
3	Bank of Kigali	0094-07744797-74	USD	10,461,355.05

However, it was noted that no monthly bank reconciliation prepared for special account from July to November 2018 and from January 2018 to May 2019 for the two (2) collection accounts. This is contrary to the article 72 of Ministerial Order N°001/16/10/TC of 26/01/2016 relating to financial regulations, which stipulates that the Chief Budget Managers shall ensure that bank reconciliations are done for each bank account held in the name of public entity every month and submit a bank reconciliation statement along with financial statements to the Ministry no later than the 15th day of the subsequent month.

- **Limitation in re-performing bank reconciliation:** 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

- In absence of monthly bank reconciliations for ACE DS' bank accounts, any errors made or fraud perpetrated using these accounts may not be timely detected and corrected.
- 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 DS books of account could not be confirmed.

Recommendations

- Management should ensure that proper and complete books of account are kept on time.
- Management should ensure that monthly bank reconciliation statement is consistently and timely prepared for all bank accounts as required by financial regulations.
- 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 comments

- *The Bank reconciliations for the special account September –November 2018 were not prepared and a related disclosure note was made to the consolidated financial statements of University of Rwanda (UR). However, from December 2018 to June 2019 the reconciliations for the special account were done and given to auditors, The Bank reconciliations for the Collection account for June 2019 was given to auditors. This was due to the fact that there was staff turnover during the year 2018-2019 and the Centre did not have a full time dedicated staff to perform Bank reconciliations regularly. This issue was addressed, the centre recruited its accountant and moving forward monthly reconciliations will be performed.*
- *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 CENTRE OF EXCELLENCE
IN DATA SCIENCES (ACEDS)**

COMPLIANCE AUDIT REPORT

For the year ended 30 June 2019



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**AFRICAN CENTER OF EXCELLENCE IN DATA SCIENCES (ACE DS)
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2019**

1. INTRODUCTION

1.1. Background to the project

The African Center of Excellence in Data Sciences (ACE-DS) is one of 24 centers financed by the World Bank in Eastern and Southern Africa Higher Education Centers of Excellence Project (ACE II). It is a competitive loan won by the University of Rwanda-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. The table below summarizes other key project information.

Description	Key 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 17 October 2016
Project End Date:	The project completion date is 31 December 2022 The project last disbursement date is 30 June 2022
Project Manager:	The project manager is Dr. Charles Ruranga
Project Budget by donor	List donor(s) name, amount and currency 1. World Bank: 4.5 Million (USD)
Total cost of the project	4.5 Million (USD)
Implementing Budget Agency	Implementing Budget Agency is: University of Rwanda
Programs offered by ACE DS in both masters and PHD	ACE DS offered masters and PhD in different programs where since the center started have had 52 master's students and 45 PhD students both 1 st and 2 nd cohort. Since the center started had only 1 intake for Masters and 2 intake for PhD. Both Masters and PhD were offered in five programs named: <ul style="list-style-type: none">• Data Mining,• Econometrics,• Biostatistics,• Actuarial Science, and• Demography.

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	The Center also offered one short course on teaching in higher learning institutions delivered in two rounds. The first one took place in July 2018 with 16 trainees and the second round took place in November 2018 with 38 trainees.
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

1.2. Mission of the project

The African Center of Excellence in Data Sciences (ACE-DS) has a mission of addressing specific development challenges by:

- Offering a research hub for postgraduate students, attracting international expertise and practitioners;
- Stimulating collaboration between academics, partners and stakeholders;
- Demonstrating the relevance of the Center for innovation, job creation and economic prosperity; and
- Securing resources to stimulate multidisciplinary collaborative international research projects.

1.3. Registered office

The Project is implemented by the University of Rwanda. It is domiciled in Kicukiro District, City of Kigali, Rwanda.

1.4. Bankers

The following are the bankers for the current year:

- (i) National Bank of Rwanda
- (ii) Bank of Kigali

1.5. Auditors

The project is audited by Office of the Auditor General.

1.6. Organizational structure

The daily academic activities of the African Centre of Excellence in Data Sciences are coordinated by the Centre Director while the Administration and Fiduciary functions are coordinated by SPIU coordinator who is supervised by the Deputy Vice Chancellor for Finance of University of Rwanda.

The management who served the project during the year ended 30 June 2019 is as follows:

Name	Role	Position	Contact Information
Françoise Kayitare Tengera	Chief Budget Manager	DVC for Finance	dvc.fa@ur.ac.rw

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Name	Role	Position	Contact Information
Immaculate Bugingo	Coordination	UR SPIU Coordinator	immabugingo@yahoo.com
Dr. Charles Ruranga	Director	ACE-DS Director	cruranga@gmail.com
Samuel Nizeyimana	Finance	Former UR SPIU DAF (till 30th April 2019)	snizeyimana@yahoo.fr
Maurice P. Kanamugire	Finance	Ag. UR SPIU DAF (From 1st May 2019)	mauricespiufms@gmail.com
Leandre Ngiuwonsanga	Finance	Former ACE DS accountant (till Dec 2019)	ngiruwwonsangal@yahoo.co.uk
Thereza C. Gasengayire	Finance	Current accountant, from (4th March 2019)	ctgasengayire@gmail.com



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 Center of Excellence in Data Sciences (ACE-DS)** 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 Center of Excellence in Data Sciences (ACE-DS)** 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 **African Center of Excellence in Data Sciences (ACE-DS)** 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 **African Center of Excellence in Data Sciences (ACE-DS)** 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. 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 matters described in the *Basis for qualified opinion* section 3.2.1 of my report paragraph (1) to (2) below, **African Center of Excellence in Data Sciences (ACE-DS)** 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 Center of Excellence in Data Sciences (ACE-DS)** 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 Opinions

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of **African Center of Excellence in Data Sciences (ACE-DS)** 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.



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 absorption 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 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 the four (4) selected Eastern and Southern African Higher Education institutions.

Under this financing agreement, the African Center of Excellence in Data Science was allocated a total budget of USD 4,500,000 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 evidence by the fact that, out of total amount of **USD 2,650,492** that should have been disbursed within three years only **USD 2,086,265.96**, representing **78.7%** was disbursed by December 2019. Discussion with management did not reveal any documented reason for this slow pace of absorption of the project funds.

Therefore, the slow pace of disbursement could be an indicator that ACE-DS 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. **Refer to section 5.1.1 for details.**

(2) Delayed achievement of agreed disbursement linked indicators (DLIs) and results as planned in Project implementation Plan

The ACE II project financing approach is results-based to incentivize the ACEs institutions to focus on delivering the agreed upon results. Disbursement is based on the achievement of the agreed disbursement linked indicators (DLIs). The DLIs/DLRs agreed upon are documented in Project Implementation Plan for each Centre.

In addition, 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. Further, 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 Inter University Council for East Africa/ Regional Facilitation Unit (IUCEA /RFU) is expected to verify the

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results achievement of the agreed DLIs/DLRs for all the ACEs in every six months during the project implementation period.

The ACE DS Project started its operation since 15 October 2016 with different results to be achieved within five (5) years from January 2017 to December 2022. However, during the review of the project implementation on of activities for the year ended 30 June 2019, the audit noted that ACE DS has not yet achieved the following DLRs from the start of the project up to the year ended 30 June 2019 (3 Years after commencement date). **See details in the table below:**

Disbursement Linked Indicator	Action not yet completed	Allocated amount	Overall targeted results	Amount verified as at 30 June 2019	Total amount remaining amount for all 5 years
		USD		USD	USD
		A		B	(C=A-B)
DLI#2: Excellence in education and research capacity and development impact	DLR#2.1: Timely annual implementation of the plans (% of execution of the budget)	375,000	Above 85%	0	375,000
	DLR#2.3 Accreditation of quality of education programs. (International)	150,000	1	0	150,000
	DLR#2.7: External revenue generation	680,000	1,000,000	0	680,000
Total		1,205,000			1,205,000

Therefore, delay to achieve agreed disbursement linked indicators (DLIs) and related results as planned in Project implementation Plan may lead to loss of project funds expected from the World Bank. Consequently, the intended project objectives may not be fully achieved. **Refer to section 5.1.2 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 Center of Excellence in Data Sciences (ACE-DS)** 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

**AFRICAN CENTER OF EXCELLENCE IN DATA SCIENCES (ACE DS)
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- **African Center of Excellence in Data Sciences (ACE-DS)** 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. Obadiah
AUDITOR GENERAL
KIGALI
.....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 Center of Excellence in Data Sciences (ACE-DS)** complied with laws, regulations and guidelines regulating public spending in incurring expenditure for the year ended 30 June 2019. I also evaluated whether **African Center of Excellence in Data Sciences (ACE-DS)** 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
- **African Center of Excellence in Data Sciences (ACE-DS)** 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 **African Center of Excellence in Data Sciences (ACE-DS)** 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;
- Ministerial order no 001/14/10/TC of 19/02/2014 establishing regulations on public procurement, standard bidding documents and standard contracts;
- Law N°62/2018 of 25/08/2018 on public procurement;
- Law N° 86/2013 of 11/09/2013 establishing the general statutes for public service;

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- Law no 016/2019 of 13/04/2019 establishing taxes on income;
- Ministerial Order N° 03/MIFOTRA/15 of 09/06/2015 determining modalities for recruiting contractual staff in public service;
- Presidential Order N° 46/01 of 26/07/2011 governing modalities for the recruitment, appointment and nomination of Public Servants;
- Approved salary scales
- Law N° 37/2012 of 09/11/2012 establishing the value added tax;
- Law n° 25/2005 of 04/12/2005 on tax procedures;
- Law no 016/2018 of 13/04/2018 establishing taxes on income;
- Ministerial Order N°02/MIFOTRA/15 of 09/06/2015 determining weekly working hours in public service and modalities of their respect;
- Agreement no 5796-RW signed on 17 June 2016 between the Government of Rwanda and International Development Association;
- Performance and Funding agreement ACEII between the Republic of Rwanda represented by the Ministry of Finance and Economic Planning and the University of Rwanda regarding provision of the proceeds of an International Development Association Credit for Eastern and Southern Africa Higher Education Centers of Excellence Project-ACE II credit number 5796-RW signed on 13 October 2016.
- Project Operational Manual for Eastern and Southern Africa Higher Education Centers of Excellence project (ACEII)

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 African Center of Excellence in Data Sciences (ACE-DS) 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

**AFRICAN CENTER OF EXCELLENCE IN DATA SCIENCES (ACE DS)
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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 absorption 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 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 the four (4) selected Eastern and Southern African Higher Education institutions.

Under this financing agreement, the African Center of Excellence in Data Science was allocated a total budget of USD 4,500,000 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 evidence by the fact that, out of total amount of **USD 2,650,492** that should have been disbursed within three years only **USD 2,086,265.96**, representing **78.7%** was disbursed by December 2019. *See details in the table below:*

Period	Planned annual disbursement	Actual annual disbursement	% of actual disbursement vis a vis planned disbursement
	USD	USD	USD
	A	B	C=(B/A)*100
2017	903,584	1,100,000	121.7
2018	862,254	0	0.0
2019	884,654	986,265.96	111.5
Total	2,650,492	2,086,265.96	78.7

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-DS 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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Recommendations

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. At the end of June 2019, the total amount verified and approved for disbursement was 2,086,265.96, and at the time of audit, addition amount of 511,000 USD was approved for disbursement.

The Center is on track considering the only 2.5 years of its implementation and also taking into consideration that most of remaining results are annual based results.

5.1.2. Delayed achievement of agreed disbursement linked indicators (DLIs) and results as planned in Project implementation Plan

Observation

The ACE II project financing approach is results-based to incentivize the ACEs institutions to focus on delivering the agreed upon results. Disbursement is based on the achievement of the agreed disbursement linked indicators (DLIs). The DLIs/DLRs agreed upon are documented in Project Implementation Plan for each Centre.

In addition, 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. Further, 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 Inter University Council for East Africa/ Regional Facilitation Unit (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 period.

The ACE DS Project started its operation since 15 October 2016 with different results to be achieved within five (5) years from January 2017 to December 2022. However, during the review of the project implementation on of activities for the year ended 30 June 2019, the audit noted that ACE DS has not yet achieved the following DLRs from the start of the project up to the year ended 30 June 2019 (3 Years after commencement date). In addition, by the time of the audit in December 2019, there was no evidence provided by Management, to indicate that the external review was made by independent verifier on the following activities ACE DS. See details in the table below:

Disbursement Linked Indicator	Action not yet completed	Allocated amount	Overall targeted results	Amount verified as at 30 June 2019	Total amount remaining amount for all 5 years
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		USD		USD	USD
		A		B	(C=A-B)
DLI#2: Excellence in education and research capacity and development impact	DLR#2.1: Timely annual implementation of the plans (% of execution of the budget)	375,000	Above 85%	0	375,000
	DLR#2.3 Accreditation of quality of education programs. (International)	150,000	1	0	150,000
	DLR#2.7: External revenue generation	680,000	1,000,000	0	680,000
Total		1,205,000			1,205,000

Risks

Delay to achieve agreed disbursement linked indicators (DLIs) and related results as planned in Project implementation Plan may lead to loss of project funds expected from the World Bank. Consequently, the intended project objectives may not be fully achieved.

Recommendations

- The UR/ACE DS management should make a follow up and ensure that project activities are timely carried out as planned to achieve the related DLIs and DLRs.
- These DLRs should be timely submitted for verification by the independent verifiers. The timely achievement of DLIs and DLRs will enable the ACE DS to obtain related funds through disbursements from the World Bank.

Management comments

The observation is noted. However, the column of allocated amount given by the auditor is the total amount to be disbursed in five years. Meanwhile below are clarifications.

DLR 2.1: The amount shown by the auditor is for five years; in addition the result is not yet verified. The Inter University Council for East Africa (IUCEA) as a Regional Facilitation Unit (RFU) in charge of verification of the result requested the report in September 2019. The Centre waits for the feedback. (The report submitted is attached.) Also, the Mid-Term Review (MTR) meeting held in Malawi in November 2019 recommended the World Bank to review the result as long as its achievements are not measurable. (WB MTR draft report is attached.) Also email submitting reports is appended hereto for your consideration.

DLR 2.3: The result has two components. One component is the national accreditation which is full achieved and international accreditation which its processes have been initiated after getting the national accreditation. It was impossible to initiate the international accreditation without the national accreditation.

DLR 2.7: The result is not yet verified. At the time of this audit exercise, the Centre has generated few income from administrative and tuition fees of students and this is likely to increase as the Centre has students whose fees will be paid by HEC and IUCEA. The Centre plan to look for other grants opportunities to raise income.

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5.1.3. Delay in establishing Advisory Board for ACE-DS

Observation

According to ACE-DS implementation plan approved in September 2016, the Center should have an Advisory Board comprised of the representative of College of Business and Economics (CBE) and Partner Institutions. The Advisory Board should be responsible for the overall orientation of the Center in academic, research and management. The board has to meet once a year but the members have to be kept informed of major developments at the center on regular basis. Those meetings will give partners the opportunity to assess the programme and suggest improvement in management of ACE-DS. The Board reports to the Principal of College of Business and Economics (CBE).

Contrary to this requirement, the review of available documentation revealed that the Advisory Board members were appointed on 27th November 2019, in the 3rd year of implementation of Center activities. Discussion with management did not reveal any documented reason for this weakness in internal control system.

Risk

The ACE-DS has delayed to benefit from the oversight and strategic direction of the Advisory Board, which may have negatively affected the operations of the Center.

Recommendation

ACE-DS Management with the help of University of Rwanda should ensure that the Advisory Board starts its operations as quickly as possible. This Board should fulfil its oversight and strategic direction responsibilities of the ACE-DS as planned.

Management comment

The recommendation is well noted. However, Members of Advisory Board have been appointed and they will be meeting annually as required.



5.2. REVIEW OF EXPENDITURE

5.2.1. Lack of justification of payment of Stipend and tuition fees to student

Observation

Section 5 of customized Project Operational Manual states that the fees for supporting in delivery of the project are defined according to the availability of funds and acceptable limit ranges that allow the smooth implementation of the project activities. Further, point 5.1 of the same section states that tuition fees are fees paid to the University to cover academic cost of a given program while student stipend are fees given to selected student to facilitate their stay in study station if different from the leaving place.

Contrary to the above operational procedure, the review of attendance list of academic year 2018/2019 revealed that stipend and tuition fees amounting to **Frw 1,644,621** were paid to the student named **Diane IRAMBE** with Registration number 214002047 who has never signed the attendance as evidence of her presence in class. *For more details refer to the table below:*

Date of payment	Reference	Months/ Year	Amount in Frw
Masters in Data Science (Biostatistics), 1st year			
Tuition fees			
29/01/2019	260	2018-2019	1,250,000
Sub-total 1			1,250,000
Stipend allowances			
07/02/2019	00263P	February 2019	131,116
22/02/2019	0000274P	March 2019	131,412
05/04/2019	000294	April 2019	132,093
Sub-total 2			394,621
Grand -Total			1,644,621

Risks

- Without evidence of attendance in class by students, stipend and tuition fees may be paid to non-allowable person(s); hence, deviating the project funds.
- This may also be an indicator of inadequate follow up and weaknesses in internal control system of the Center.

Recommendations

- ACE DS management should ensure that both stipend and tuition fees are paid to allowable students only. Accordingly, their records of attendance in class and other activities of the programs they registered for, should be well kept for future reference.
- Management should make follow up and recover the above amount paid to non-allowable student.

Management comments

Observation noted. Management will ensure that both stipend and tuition fees are paid to allowable students and their records kept as required. Management will make follow up and recover the above amount paid to non-allowable student.

6. REALIZATION OF VALUE FOR MONEY IN UTILIZATION OF PUBLIC FUNDS

6.1. MANAGEMENT OF FIXED ASSETS

6.1.1. Lack of maintenance plan for broken Assets

Observation

Section 3 of article 74 of ministerial order n°001/16/10/TC of 26/01/2016 relating to financial regulations states that the Chief Budget Manager shall ensure that there is adequate maintenance of the assets, by including in annual budget submissions all estimated maintenance and running costs of such public property.

Contrary requirement, on 18 December 2019, a physical verification of assets of African Center of Excellence in Data Science was conducted. The verification noted that there were 6 desks and 11 chairs kept in store which were broken. These assets were acquired on 07 March 2017 at Frw 1,990,000. However, there is no maintenance or repair plan or any other documented plan showing how management will put these assets into re-use. **See details in the photo below :**



Broken chairs and desks without a maintenance plan by UR/ACE DS. Photo taken by OAG on 18 December 2019

Risk

Keeping broken assets without any plan for their repair may lead them to further damage and deterioration. Hence, loss of public assets.

Recommendations

Management should urgently establish a maintenance and repair plans for its broken assets and ensure that they are put to use to attain the intended purpose.

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Management comment

The observation is noted. The Center will establish a maintenance and repair plan for its broken assets and ensure that they are put to use to attain the intended purpose.

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7. IMPLEMENTATION OF PREVIOUS YEAR AUDIT RECOMMENDATIONS

7.1. Status of implementation of previous 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 **(75%)** of the audit recommendations made in the previous audit were implemented, **(12.5%)** of the audit recommendations were partially implemented and the **(12.5%)** are yet to be implemented. **See the summary in the table below:**

Particulars	Number
1. Total no. of findings raised in previous report:	8
2. No. of recommendations that have been fully implemented as at time of current audit:	6
3. No. of recommendations that have been partially implemented as at time of current audit:	1
4. No. of recommendations not implemented as at time of current audit	1
5. Percentage of previous findings partially implemented (no. 3)/no. 1	12.5%
6. Percentage of previous findings not implemented ((no. 4)/no. 1	12.5%
7. Percentage of previous findings fully implemented (no. 2)/no. 1	75%

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

Risk

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

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Appendix 1: Status of implementation of prior year recommendations

No	Audit observation	Implemented	Partially implemented	Not implemented
1	<p>Failure to revise the procurement plan</p> <p>Observation</p> <p>Article 6 of Law no 12/2007 of 27/03/2007 on public procurement states that every procuring entity shall produce an annual procurement plan indicating the objectives to be achieved in accordance with procurement regulations. Further, article 2 of the Ministerial Order no 001/14/10/TC of 19 February 2014 establishing regulations on the public procurement, standard bidding documents and standard contracts states that the procurement plan can be reviewed twice during the financial year, once in the second quarter and once in the third quarter.</p> <p>Contrary to this, my review of revised annual procurement plan and procurement report of African Centre of Excellence in Data Sciences for the year ended 30 June 2018 revealed that three (3) tenders with estimated cost of Frw 58,957,846 were planned but not awarded due to various valid reasons. However, I noted that the ACE-DS did not revise the procurement plan to reflect these changes.</p> <p>Recommendations</p> <p>Management should ensure that tenders are awarded in accordance with the approved annual procurement plan. In case there is any change happens, the procurement plan should be revised.</p>	<p>√</p> <p><i>Under the period of review, the procurement plan was revised.</i></p>		
2	<p>Lack of attendance register for ACE-DS employees</p> <p>Observation</p> <p>According to Ministerial order n°02/MIFOTRA/15 of 09/06/2015 determining weekly working hours in public service and modalities of their respect in its article 3, the daily working hours in public service shall be nine (9) hours from Monday to Friday. Daily working hours in public service shall start from 7 a.m. up to 5 p.m. with a break of one hour running from 12 noon up to 1 p.m. Further, in article 4 regarding the respect of time states that every public institution shall have a modern IT based system to manage attendances of public servants. Non respect of working hours shall constitute a disciplinary fault.</p>	<p>√</p> <p><i>The attendance register is currently maintained in ACE DS.</i></p>		

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No	Audit observation	Implemented	Partially implemented	Not implemented
	<p>Contrary to the above provision, I noted that African centre of excellence in Data Sciences did not maintain an attendance register or a finger print system to sign in while coming and leaving to job by its employees who work on full time basis. These are Centre Administrator and IT officer of the Centre.</p> <p>Recommendation</p> <p>African Centre of Excellence in Data Sciences management should have to set an attendance register or a finger print system for better management of employees working time and to comply with the rules and regulations regulating labour law.</p>			
3	<p>Lack of Advisory Board for ACE-DS</p> <p>Observation</p> <p>According to ACE-DS implementation plan approved in October 2016, ACE-DS should have an Advisory board comprised of the representative of College of Business and Economics (CBE) and Partner Institutions. The Advisory board is responsible for the overall orientation of the Center in academic, research and management. The board has to meet once a year but the members have to be kept informed of major developments at the center on regular basis. Those meetings will give partners the opportunity to assess the programme and suggest improvement in management of ACE-DS. The Board reports to the Principal of College of Business and Economics (CBE).</p> <p>However, contrary to this requirement, I was not provided with evidence to confirm that the advisory board exists and started to operate as planned.</p> <p>Recommendation</p> <p>ACE-DS in collaboration with other stakeholders should ensure that the Advisory Board is established in order to fulfil its responsibilities as planned.</p>	<p>✓</p> <p>The advisory committee was appointed on 27 November 2019 and there is no evidence that the committee started to fulfil its responsibilities.</p>		
4	<p>Failure to open collection account by ACE- DS project as required</p> <p>Observation</p> <p>ACE-DS 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>The collection bank accounts</p>		

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No	Audit observation	Implemented	Partially implemented	Not implemented
	<p>It is in this framework that the section 4.1 of the Project Operational Manual states that there is need of having specific collection account which is different from the disbursement account (which is specific to the funds disbursed from World Bank). However, I noted that during the year under review, this bank account was not opened and the amount of Frw 5,513,000 received from payment of admission, registration and fees for short course trainings was deposited on the University of Rwanda Bank account (College of Business and Economics) and reported as receivable in ACE-DS financial statements.</p> <p>Recommendation</p> <p>ACE-DS management should ensure that collection account is opened to receive money from different sources as required by the operational manual.</p>	<p>were opened on 21 December 2019.</p>		
5	<p>Failure to carry audit of ACE-DS activities by the internal auditors</p> <p>Observation</p> <p>Section 10.4 of Project Operational Manual states that the implementing entity should have adequate internal audit staffing arrangements. The internal audit unit should include in their work plans audits to be done on the project based on risk based approach. The audit of ACEs is done 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, during the year ended 30 June 2018, no audit work was performed by SPIU-UR team of internal audit unit.</p> <p>Recommendation</p> <p>ACE-DS should make follow up and ensure that internal audit of the center is performed and recommendations therefrom are obtained and implemented.</p>	<p>✓</p> <p>Under the period of review, ACE DS was audited by UR internal auditors.</p>		
6	<p>Budget underperformance</p> <p>Observation</p> <p>The review of budget execution report of African Centre of Excellence in Data Sciences revealed that there was under performance on some budget lines related to use of goods and services, other expenses and other revenue. No detailed</p>			<p>✓</p> <p>The same issue was highlighted under the period of</p>

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No	Audit observation	Implemented	Partially implemented	Not implemented
	<p>explanations were provided by management for that low performance. Consequently, budget allocations amounting to Frw 414,112,985 representing 60.75% have not been utilized, while other revenue was achieved at only 18.67%.</p> <p>Recommendation</p> <p>Management should investigate the causes of budget underperformance in order to take corrective measures. Going forward, management should ensure that the budget is utilised as planned to achieve the planned objectives. In case of underperformance proper explanations should be documented adequately by management and included in the budget execution report attached to the financial statements.</p>			review. Refer to section 8.1 in financial audit report.
7	<p>Failure to charge penalties for delay on delivery of items ordered</p> <p>Observation</p> <p>According to the clause 9 of the framework contract signed on June 2017 between Rwanda Development Board on behalf of all Rwandan Public Entities and Dimension Technologies System Ltd for supply and commissioning IT Equipment on behalf of government institutions, the delivery period is fixed to a period of a maximum of 45 Calendar days after receipt of an approved purchase order. It is specified in the contract that in case the supplier fails to deliver within the stipulated period, he will be liable to a daily penalty of 1/1000 of the total contract price, but such penalties will not exceed 5% of the total contract value. Contrary to this requirement, I noted a delay of 29 days on the purchase order no 156 for deliveries amounting to Frw 49,440,000. However, penalties of Frw 1,433,760 were not deducted on the payment done.</p> <p>Recommendations</p> <ul style="list-style-type: none"> The centre's management should ensure that the highlighted penalties are recovered from the above supplier on next deliveries. In future, African centre of excellence for Data science management should ensure that penalties of delay are computed and deducted at the time of payment. 	✓	Penalties for delay were charged to the supplier.	
8	<p>Assets not adequately codified</p> <p>Observation</p>	✓	ACE DS assets were tagged in a	

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No	Audit observation	Implemented	Partially implemented	Not implemented
	<p>During my field visit of African centre of excellence in Data Sciences assets, I noted that some of the project assets are not clearly and uniquely identified with the tag number which is fixed on the assets. They had small labels in form of papers which can be easily removed.</p> <p>Recommendation</p> <p>African Centre of excellence in Data Sciences management should ensure that assets which are labelled with papers are tagged so that the risk of theft is reduced and to facilitate easy identification in case they are lost.</p>	<p><i>durable was as confirmed by physical verification conducted on 18 December 2019.</i></p> <p align="center">6</p>	1	1
	Total: 8			

