

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

AUDIT REPORTS

For the year ended 30 June 2018

OAG Core Values

Integrity Independence Accountability
Objectivity Confidentiality
In public Interest

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

**AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE 2018**

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

AUDIT REPORTS

For the year ended 30 June 2018

TABLE OF CONTENTS

1. INTRODUCTION.....	2
2. STATEMENT OF MANAGEMENT RESPONSIBILITIES	4
3. REPORT OF THE AUDITOR GENERAL	5
4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018.....	7

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. INTRODUCTION

1.1 Project background

The African Center of Excellence for 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

1.2 Organisational structure

The daily activities of the African Center of Excellence for Data Sciences are coordinated by the SPIU Coordinator who is supervised by the University of Rwanda Deputy Vice Chancellor for Finance.

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

Names	Position
Françoise KAYITARE TENGERA	Deputy Vice Chancellor for Finance
Prof. Nelson Ijumba	Deputy Vice Chancellor for Academic Affairs and Research
Dr. Faustin GASHAYIJA	Principal- College of Business and Economics
Immaculate BUGINGO	Ag. UR SPIU Coordinator
Dr. Charles RURANGA	Center Director

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

Names	Position
Donatienne MUKAMISHA	Center Administrator
Beline MUKARWEGO	Center Monitoring and Evaluation Officer
Samuel NIZEYIMANA	UR SPIU Director of Administration and Finance

1.3 Mission of the project

The African Center of Excellence for 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.

1.4 Sources of funding

The African Center of Excellence for Data Sciences (ACE-DS) is financed through credit Agreement N° 5796-RW signed on 17 June 2016 between the Government of Rwanda and International Development Association. The credit is valued at USD 4.5 million for a period starting from 17 October 2016 to 31 December 2022. Its funding mode is performance-based whereby plans and achievements must be guided by the set indicators to lead to funds disbursement (Disbursement Linked Indicators and Disbursement Linked results).

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 for 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 for Data Sciences (ACE-DS)**. I further confirm that **African Center of Excellence for 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 for Data Sciences (ACE-DS)** will not continue operating as a going concern for the foreseeable future.

Signature:


Françoise KAYITARE TENGERA
UR Deputy Vice Chancellor for Finance

Date:


December 11th 2018

3. REPORT OF THE AUDITOR GENERAL

REPORT ON THE FINANCIAL STATEMENTS

Madam Françoise KAYITARE TENGERA
Deputy Vice Chancellor for Finance

3.1. Unqualified opinion on financial statements

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 for Data Sciences** for the year ended 30 June 2018. These financial statements comprise the statement of financial position as at 30 June 2018, 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 7 to 15.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of **African Center of Excellence for Data Sciences** as at 30 June 2018, 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. In addition, proper books of account have been maintained and are in agreement with the financial statements prepared.

3.2. Basis of opinion on financial statements

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 for Data Sciences 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 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 for 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 for Data Sciences' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

accounting unless Government either intends to discontinue operations of the African Center of Excellence for Data Sciences.

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 for 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. Obadiah
AUDITOR GENERAL

KIGALI


Dec 2018 2018

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4.1. STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2018

Description	Notes	12 months to 30 June 2018 Frw	12 months to 30 June 2017 Frw
Revenue			
Operating revenue			
Other revenue	2	32,106,715	10,282,139
Total operating revenue		32,106,715	10,282,139
Loans and borrowings			
Proceeds from borrowings	3	-	902,472,768
Total revenue (A)		32,106,715	912,754,907
Operating expenses			
Use of goods and services	4	252,551,374	14,253,487
Other expenses	5	15,013,434	-
Total operating expenses		267,564,808	14,253,487
Capital payments			
Capital expenditure	6	81,497,586	-
Total expenses (B)		349,062,394	14,253,487
Deficit/Surplus for the year (C=A-B)		(316,955,679)	898,501,420

The notes on pages 11 to 15 form an integral part of the financial statements.

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

4.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

Description	Notes	Balance as at 30 June 2018 Frw	Balance as at 30 June 2017 Frw
Financial assets			
Bank balances	7	576,909,775	898,501,420
Accounts receivable	8	5,513,000	-
Total financial assets		582,422,775	898,501,420
Less: Financial liabilities			
Accounts payable	9	877,034	
Net Financial assets		581,545,741	898,501,420
Represented by			
Accumulated surplus from previous years	10	898,501,420	-
Net deficit / surplus for current year		(316,955,679)	898,501,420
Prior year adjustments		-	-
Total closing balances		581,545,741	898,501,420

The notes on pages 11 to 15 form an integral part of the financial statements.

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

4.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

Description	12 months to 30 June 2018 Frw	12 months to 30 June 2017 Frw
Cash flow from operating activities		
Other revenue	32,106,715	10,282,139
Total cash flows from operating activities	32,106,715	10,282,139
Payments for operating expenses		
Use of goods and services	(252,551,374)	(14,253,487)
Other expenses	(15,013,434)	
Adjusted for		
Changes in receivables	(5,513,000)	-
Changes in payable	877,034	-
Adjustment during the year		
Net cash flows used in operating activities (A)	(240,094,059)	(3,971,348)
Cash flows used in investing activities		
Purchase of capital items	(81,497,586)	-
Net cash flows used in investing activities (B)	(81,497,586)	
Cash flow from financing activities		
Proceeds from borrowing	-	902,472,768
Cash flow from financing activities (C)	-	902,472,768
Net (decrease) increase in cash and cash equivalents during the year (D= A+B+C)	(321,591,645)	898,501,420
Cash and cash equivalents at the beginning of the year	898,501,420	-
Cash and cash equivalents at the end of the year	576,909,775	898,501,420

The notes on pages 11 to 15 form an integral part of the financial statements.

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

4.4. BUDGET PERFORMANCE REPORT FOR THE YEAR ENDED 30 JUNE 2018

Particulars	Revised budget Frw	Actual amount Frw	Variance Frw	Performan ce
	A	B	A-B	(B/A)*100
Revenue				
Other revenue	171,952,838	32,106,715	139,846,123	18.67%
Total revenue	171,952,838*	32,106,715	139,846,123	18.67%
Expenses				
Use of goods and services	633,923,051	252,551,374	381,371,677	39.84%
Other expenses	47,754,742	15,013,434	32,741,308	31.44%
Capital expenditure	94,911,088	81,497,586	13,413,502	85.87%
Total expenses	776,588,881	349,062,394	427,526,487	44.95%


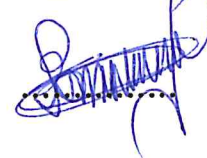



* Budgeted revenues are less than expenses because the first disbursement was done on 21 April 2017 and the project expected to use opening bank balance to cover planned activities.

The notes on pages 11 to 15 form an integral part of the financial statements.

Explanations for variances:

- Other revenue: the projected expected to receive funds from research grants but the 2 offers submitted were not successful. Only few revenue generated from short courses and administration fees paid by students during the fiscal year have been received.
- Use of goods and services and other expenses: The planned tuition fees, stipends for Masters Students and grants for research were not paid because there were no masters students during the year ended 30 June 2018.

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

	<u>Name and Position</u>	<u>Signature</u>	<u>Date</u>
Prepared by:	NGIRUWONSANGA Leandre Project Accountant		11/12/2018
Reviewed by:	Samuel NIZEYIMANA SPIU Director of Administration and Finance		11/12/2018
Reviewed by:	Immaculate BUGINGO Ag. Project Coordinator		11/12/2018
Approved by:	Françoise KAYITARE TENGERA Chief Budget Manager	 	11/12/2018

4.5. NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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 for Data Sciences.

c) Presentation Currency

The financial statements are reported in Rwanda Francs.

d) Revenue

• Other revenue

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

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

• **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 appropriate account for these fees.

h) Accounts payable

These relate to returned payments not yet repaid to the beneficiaries on the date of the closure of the 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. Other revenue

During the 12 months to 30 June 2018, 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 2018 Frw	12 months to 30 June 2017 Frw
144	Administrative fees	5,513,000	-
145	Gain of currency exchange translations	26,593,715	10,282,139
Total		32,106,715	10,282,139

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

3. 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 2017 (Frw)
		(A)	(B)	(C)	(D=B*C)
World Bank	1	20/04/2017	1,092,328	826.1921035	902,472,768
Total					902,472,768

4. Use of goods and services

During 12 months to 30 June 2018, African Center of Excellence for Data Sciences consumed goods and services as detailed in the table below:

ID Account	Description	12 months to 30 June 2018 Frw	Period ended 30 June 2017 Frw
221	General services	5,547,419	5,983,261
222	Professional and research services	27,629,216	1,755,606
223	Transport and travel	46,767,751	4,429,620
224	Maintenance, repairs and spare parts	121,980,954	-
226	Training costs	50,626,034	2,085,000
	Total	252,551,374	14,253,487

5. Other expenses

During the 12 months to 30 June 2018, African Center of Excellence for Data Sciences incurred other expenses as detailed in the table below:

ID ACCOUNT	Description	12 months to 30 June 2018 Frw	Period ended 30 June 2017 Frw
288104	Student living allowances	15,013,434	-
	Total	15,013,434	-

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6. Capital expenditure

During the 12 months to 30 June 2017, African Center of Excellence for Data Sciences incurred capital expenditure as detailed in the table below:

ID ACCOUNT	Description	12 months to 30 June 2018 Frw	Period ended 30 June 2017 Frw
2313	Acquisition of office equipment, furniture and fittings	14,088,000	-
2314	Acquisition of ICT equipment, software and other ICT assets	67,409,586	-
Total		81,497,586	-

7. Bank balances

The following were bank balances as at 30 June 2018:

ID Account	Account details	Account No.	Account currency	Amount in foreign currency	Exch. rate	Balance as at 30 June 2018 Frw	Balance as at 30 June 2017 Frw
311415	UR ACE of Data Sciences	1000038047	USD	671,0093.3	859.764189	576,909,775	898,501,420

8. Accounts receivable

Creditor's name	Balance as at 30 June 2018 Frw	Balance as at 30 June 2017 Frw
University of Rwanda (College of Business and Economics)	5,513,000	-
Total	5,513,000	-

9. Accounts payable

The following were the payable balances as at 30 June 2018:

Creditor's name	Balance as at 30 June 2018 Frw	Balance as at 30 June 2017 Frw
Returned payments	877,034	-
Total	877,034	-

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2018

10. 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 as at 1 July 2017 Frw	Balance as at 1 July 2016 Frw
511101	Bank balances	898,501,420	-
	Total	898,501,420	-

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

**COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE
YEAR ENDED 30 JUNE 2018**

TABLE OF CONTENTS

1. INTRODUCTION	2
2. STATEMENT OF MANAGEMENT RESPONSIBILITIES	4
3. REPORT OF THE AUDITOR GENERAL	5
4. DESCRIPTION OF THE SUBJECT MATTERS AND SCOPE	7
DETAILED AUDIT FINDINGS PER SUBJECT MATTER	9
5. COMPLIANCE WITH LAWS, REGULATIONS AND GUIDELINES REGULATING PUBLIC SPENDING	10
6. REALIZING VALUE FOR MONEY IN UTILIZATION OF PUBLIC FUNDS	16

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2018

1. INTRODUCTION

1.1. Project background

The African Center of Excellence for 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.

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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

1.2. Organizational structure

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

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

Names	Position
Françoise KAYITARE TENGERA	Deputy Vice Chancellor for Finance
Prof Nelson Ijumba	Deputy Vice Chancellor for Academic Affairs and Research
Dr Faustin GASHAYIJA	Principal- College of Business and Economics
Immaculate BUGINGO	Ag. UR SPIU Coordinator

**AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2018**

Names	Position
Dr. Charles RURANGA	Center Director
Donatienne MUKAMISHA	Center Administrator
Beline MUKARWEGO	Center Monitoring and Evaluation Officer
Samuel NIZEYIMANA	UR SPIU Director of Administration and Finance

1.3. Mission of the project

The African Center of Excellence for 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.

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2018

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.

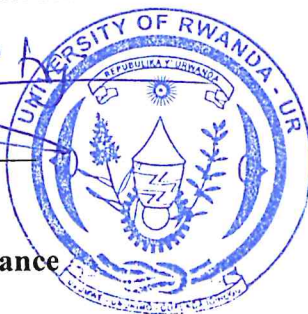
Article 19 of the Organic Law N° 12/2013 further stipulates that the Chief Budget Manager is responsible for maintaining accounts and records of the budget agency, preparing reports on budget execution, managing revenues and expenditures, preparing, maintaining and coordinating the use of financial plans, 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 for 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 for 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
UR Deputy Vice Chancellor for Finance



Date: _____

December, 11th 2018

3. REPORT OF THE AUDITOR GENERAL

REPORT ON COMPLIANCE

Madam Françoise KAYITARE TENGERA
Deputy Vice Chancellor for Finance

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 for Data Sciences (ACE-DS)** complied with applicable laws, regulations, guidelines and realized value for money in incurring expenditure for the year ended **30 June 2018** 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 for 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. Unqualified opinion on compliance with applicable laws, regulations and guidelines regulating public spending

In my opinion, based on audit work performed, **African Center of Excellence for Data Sciences (ACE-DS)** complied, in all material respects with applicable laws, regulations and guidelines regulating public spending in incurring expenditure for year ended 2018.

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

In my opinion, based on audit work performed, **African Center of Excellence for 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 2018.

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 for 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.

3.3. 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 for Data Sciences (ACE-DS)** is responsible

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2018

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 for 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



.....2018

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 for Data Sciences (ACE-DS)** complied with laws, regulations and guidelines regulating public spending in incurring expenditure for the year ended 30 June 2018. I also evaluated whether **African Center of Excellence for Data Sciences (ACE-DS)** realized value for money in utilization of public funds for the year ended 30 June 2018.

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 for 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 for 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° 86/2013 of 11/09/2013 establishing the general statutes for public service;
- Law no 016/2018 of 13/04/2018 establishing taxes on income;

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2018

- 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;
- 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. Realizing value for money in utilization of public funds

- Ministerial Order No 001/16/10/TC of 26/01/2016 relating to financial regulations;
- Contracts signed between African Center of Excellence for 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 and can be performed through the use of Computer Assisted Audit Techniques (CAATs).

DETAILED AUDIT FINDINGS PER SUBJECT MATTER

**AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2018**

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

**5.1. REVIEW OF PROCUREMENT PROCEDURES IN INCURRING
EXPENDITURE**

5.1.1 Failure to revise the procurement plan

Observation

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.

Contrary to this, my review of revised annual procurement plan and procurement report of African Centre of Excellence for 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. *See details in table below:*

Description	Estimated cost in Frw	Tendering Method	Planned contract signature date
Purchase of software licenses (statistical and M&E system)	37,367,649	Open Competitive Bidding	5/6/2018
Hiring experts to develop professional short courses	12,455,883	Open Competitive Bidding	11/5/2018
Subscription& contracting various newspapers to publish the center's notices	9,134,314	Open Competitive Bidding	5/6/2018
Total	58,957,846		

Risk

Failure to revise the procurement plan constitutes noncompliance with the procurement laws and the procurement plan not revised misleads users in decision making.

Recommendations

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.

Management comment

Recommendation is noted. However, tender No.1 could not be awarded before approval of Masters Programs because the software was supposed to be used by students. Masters programs have been approved on 22 June 2018 and teaching will start in September 2018. For the 2nd tender, partner institutions mainly Harvard and Birmingham Universities provided

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2018

trainers for short courses. For the 3rd tender, the Centre used web ads using UR and Centre websites. Going forward procurement plans will be reviewed and updated accordingly.

5.2. REVIEW OF HUMAN RESOURCE PRACTICES

5.2.1 Lack of attendance register for ACE-DS employees

Observation

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.

Contrary to the above provision, I noted that **African centre of excellence for 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.

Risks

- Without an attendance register or finger print report, I am unable to confirm whether African centre of excellence for Data Science Staff were paid for work done.
- There is risk that employees may not respect the normal working hours and hence, affecting their performance results.

Recommendation

African Centre of Excellence for 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.

Management comment

The recommendation is noted. Going forward, the attendance register for ACE-DS staff will be maintained.

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

5.3.1 Lack of Advisory Board for ACE-DS

Observation

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).

However, contrary to this requirement, I was not provided with evidence to confirm that the advisory board exists and started to operate as planned.

Risk

This denies ACE-DS from benefiting the oversight and strategic direction responsibilities provided by Advisory Board and this may negatively affect the operations of the Center.

Recommendation

ACE-DS in collaboration with other stakeholders should ensure that the Advisory Board is established in order to fulfil its responsibilities as planned.

Management comment

Recommendation is noted. Members of the Advisory Board will be appointed.

5.3.2 Failure to open collection account by ACE- DS project as required

Observation

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.

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.

Risk

This constitutes non-compliance with ACE operational manual and the absence of the specific collection account could lead in using ACE-DS funds in other activities.

Recommendation

ACE-DS management should ensure that collection account is opened to receive money from different sources as required by the operational manual.

Management comment

The application to open the Collection Bank account has been initiated.

5.3.3 Failure to carry audit of ACE-DS activities by the internal auditors

Observation

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.

Risk

In absence of review of ACE-DS daily activities, the Center internal control systems may not be properly working or complied with.

Recommendation

ACE-DS should make follow up and ensure that internal audit of the center is performed and recommendations therefrom are obtained and implemented.

Management comment

Recommendation is noted and the internal audit will be carried out.

AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2018

5.4. REVIEW OF BUDGET EXECUTION

5.4.1 Budget underperformance

Observation

The review of budget execution report of African Centre of Excellence for 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 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% *as shown in the table below:*

Budget line	Budgeted amount	Actual amount	Allocated budget not utilised/received	Performance
	(A)	(B)	(C = A-B)	(D=B/A*100)
	Frw	Frw	Frw	%
Expenses				
Use of Goods and Services	633,923,051	252,551,374	381,371,677	39.84%
Other expenses	47,754,742	15,013,434	32,741,308	31.44%
Sub-total	681,677,793	267,564,808	414,112,985	39.25
Revenue				
Other revenue	171,952,838	32,106,715	139,846,123	18.67

Risk

This means that the concerned activities that were planned to be executed by African Center of Excellence for Data Sciences using these funds were not implemented as expected, hence the associated objectives may not be achieved within planned time. Further, due to failure to collect all the budgeted revenue, the centre is denied necessary funds to fund its operations and ensure its sustainability.

Recommendation

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.

Management comment

Recommendations are noted. Low execution was due to delayed approval of Masters' Programs. As a result the Center could not pay tuition fees and stipends to students as initially planned. The programs have been approved and students are expected to start in September 2018. For other revenue, the low execution is due to the balance of the disbursement forwarded from the fiscal year 2016/2017, the center received the money from the World Bank in April 2017; so it is this balance utilized, there is only few revenue generated from short courses and administration fees paid by students during the fiscal year under audit.

6. REALIZING VALUE FOR MONEY IN UTILIZATION OF PUBLIC FUNDS

6.1. REVIEW OF CONTRACT MANAGEMENT

6.1.1. Failure to charge penalties for delay on delivery of items ordered

Observation

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. For more details, see table below:

Date of recording of transaction	Reference	Description	Amount Frw (A)	Date of purchase order	Expected date of delivery	Actual date of delivery	Delay in days (B)	Penalties to be charged Frw (C=A*1/1000*B)
27/02/2018	OP P0097	Payment of desktop supplied	49,440,000	5/1/2018	18/2/2018	20/3/2018	29	1,433,760

Risks

- The delay in delivery of items ordered constitutes non-compliance with the contract terms which may negatively affect the Project service delivery.
- Failure to charge penalties of delay led to loss of Government revenues.

Recommendations

- 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.

Management comment

Recommendation noted. The penalty not charged will be charged on Local Purchase no 553/SPIU/FY17-18 that was issued to the Dimension Technologies System (DTS) Ltd. Going forward, we will ensure that penalties are deducted on payment for invoices relating to delayed items.

6.2. MANAGEMENT OF FIXED ASSETS

6.2.1. Assets not adequately codified

Observation

During my field visit of African centre of excellence for 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. For more details, see photo below:



Desktop computers, tables and chairs labelled by small papers: Photo taken by OAG on 23 August 2018.

Risk

Failure to tag assets may weaken the effectiveness of internal controls over fixed assets. Hence, the assets that are not tagged cannot be easily identified in case they are lost.

Recommendation

African Centre of excellence for 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.

**AFRICAN CENTRE OF EXCELLENCE FOR DATA SCIENCES
COMPLIANCE AUDIT REPORT ON EXPENDITURE FOR THE YEAR ENDED 30
JUNE 2018**

Management comment

Desktop computers and chairs are tagged. Going forward fixed assets codification will be done.

Auditor's comment

ACE-DS management should provide appropriate management comment since it is clearly indicated in the observation that for these assets said in management comment, they were tagged with small labels in form of papers which can easily be removed.

