



UNIVERSITY *of*
RWANDA

SINGLE PROJECT IMPLEMENTATION UNIT

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

**AFRICAN CENTER OF EXCELLENCE IN DATA SCIENCE
(ACE-DS)**

**SEMI-ANNUAL INTERNAL AUDIT REPORT FOR THE
PERIOD FROM 01 JULY TO 31 DECEMBER 2021**

March 2022

**THE UNIVERSITY OF RWANDA - AFRICAN CENTER OF EXCELLENCE IN DATA
SCIENCE (UR-ACEDS)**

**INTERNAL AUDIT REPORT FOR THE PERIOD OF SIX MONTHS FROM 01 JULY TO
31 DECEMBER 2021**

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1. INTRODUCTION

Section 7 of the Ministerial Order N° 003/17/10/TC Of 27/10/2017 setting out Regulations for Internal Audit and Audit Committees in Public Entities provides for internal audit engagements to be performed by the internal auditors including the Financial and Compliance Audit.

The purpose of this audit was to evaluate the adequacy and effectiveness of internal controls systems, governance, operations to form an independent opinion on the quality of internal controls implemented to ensure that center goals and objectives are met focusing on effectiveness, efficiency, and economy.

1.1. Statement of Purpose

The African Centers of Excellence (ACEs) financed under the ACE II Project supports the Governments of **eight (8)** participating countries (namely Ethiopia, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda and Zambia) to collectively address key development challenges facing the Eastern and Southern Africa region through interventions in developing critically-needed science and technology capacity. To that end, the International Development Association committed to avail to Rwanda a credit of **SDR 14,500,000** (Special Drawing Right) equivalent to **USD 20,000,000** to strengthen selected Higher Education Institutions. Out of this credit, an amount of **USD 4,500,000** was allocated to the implementation of the African Centre of Excellence in Data Science (ACE DS).

1.2. Project information

Project start date:	The project approval date is 26th May 2016 The project signature of agreement date is 17th June 2016 The project effectiveness date is 17th October 2016
Project end date:	The project last disbursement date 30th June 2023 The project completion date is 31st December 2023
Project Manager:	The project manager is Dr Charles Ruranga
Project Budget by Lender	Lender name, amount and currency 1. World Bank: 4.5 million (USD)
Total cost of the project	4.5 Million (USD)
Implementing BudgetAgency	University of Rwanda (UR)

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1.3. Project information

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1.4. Project Overview

Line Ministry of the project	UNIVERSITY OF RWANDA (UR)
Strategic goals/objectives of the project	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 collaborative research capacity in the regional priority area, to address key development challenges facing the region.
General achievement of strategic goals /main component of the projects	Addressing specific development challenges by delivering a highly quality in postgraduate training, in research and in professional courses, focuses on data science involving the collection, analysis and transmission of data for facilitating decision-making.
Specific achievement of strategic goals/outputs of the projects	The project's components include: Offering a research hub for postgraduate students, attracting international expertise and practitioners; Stimulating collaboration between academics, partners and stakeholders; Demonstrating the relevance of the centre for innovation, job creation and economic prosperity; and Securing resources to stimulate multidisciplinary collaborative international research projects.

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Current situation that the project was formed to intervene	To train post-graduate student with combined expertise in statistics, economics, business, computer science and engineering to use big data and data analytics to solve development challenges.
Other important background information of the project	The ACE-DS places eastern and southern regional of Africa at the forefront of an emerging academic field that encourages collaborative partnerships between academia, government and the private sector.
Programmes offered by African Center of Excellence for Data Science (ACE-DS)	<p>PhD Programmes:</p> <p>Data Science in Demography Data Science in Econometrics Data Science in Mining Data Science in Actuarial Science Data Science in Biostatistics</p> <p>Master's Programmes:</p> <p>Specialization in Actuarial Science Specialization in Demography Specialization in Biostatistics Specialization in Econometrics Specialization in Data Mining</p> <p>Certification programmes:</p> <p>Associate Big Data Engineer Senior Big Data Engineer Associate Big Analyst Senior Big Analyst Senior Data Scientist</p> <p>Short Programmes</p> <p>Machine Learning and Computation Statistics Quantitative Monitoring and Evaluation Data Management Panel Data Analysis Statistical Simulation</p>

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1.5. Funding Summary

The Project duration is 7 years from 2016 to 2023 with an approved budget of USD 4.5 Million as highlighted in the table below:

Source of funds	Commitment amount in USD	The cumulative amount received to 31 December 2021 in USD	Undrawn balance to 31 December 2021 in USD
	(A)	(B)	C=(A)-(B)
World Bank	4,500,000	4,318,000	182,000
Total	4,500,000	4,318,000	182,000

1.6. Responsibilities of Management

According to article 19 of Organic Law N° 12/2013/OL OF 12/09/2013 on State Finances and Property attributes the following responsibilities to the Chief Budget Manager:

- To manage effectively, efficiently, and in a transparent manner all the public funds for the a public entity under his/her responsibility in accordance with relevant legal provisions;
- To establish and maintain effective, efficient, and transparent systems of internal controls and risk management;
- To maintain accounts and records of the public entity under his/her responsibility in accordance with the financial regulations prescribed by the Minister;
- To supervise and ensure proper use of public funds at the disposal of subsidiary entities under his/her responsibility
- To exercise control over the execution of the budget of the public entity under his/her responsibility, in compliance with all provisions of this Organic Law as well as regulations issued by the Minister
- To ensure compliance with all the provisions of this Organic Law, regulations issued by the Minister, and other laws relating to public finance.

1.6. Responsibilities of the Internal Auditors

Article 10 of Ministerial Order N° 003/17/10/TC Of 27/10/2017 setting out Regulations for Internal Audit and Audit Committees in Public Entities requires the internal auditor to perform the following:

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- To evaluate the adequacy and effectiveness of controls of governance, operations, and information systems;
-
- To provide assurance to management and the Audit Committee on the adequacy and effectiveness of the risk management process,
-
- To provide appropriate recommendations for improving the governance process in the accomplishment of its objectives;
-
- To make recommendations to avoid waste and fraud and investigate the suspected fraud or irregularity;
-
- To provide consulting services through training, support implementation of accounting systems, internal control documentation, risk management facilitation, and other similar services on the request of management, Audit Committee, or other high-level authorities;
-
- To communicate opportunities for improving management control, viability, and sustainability of services or profitability identified during the audit to the appropriate level of management

1.7. Audit Objectives

The main objective of this internal audit assignment was to check whether the University of Rwanda -ACE DS has put in place an effective internal control system to ensure the project achieves its objectives.

The general objective of the review was to evaluate the adequacy and effectiveness of the existing risk management controls, and governance processes in place to provide an independent opinion on whether these processes are functioning as intended and the ACE DS objectives are being met.

Further, the audit was aimed at making recommendations to address any weaknesses that may be identified during the course of the audit.

1.8. Scope and Methodology

1.9. Scope of the Audit

The internal audit was conducted for the period of 6 months from 01 July to 31 December 2021. The audit was also to review the ACE DS revenue and expenditure to check whether the related controls in place were effective enough to confirm their completeness and occurrence as reported in the Interim Financial Report (IFR)

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1.10. Audit methodology

During the audit of the project, the following methodology was used:

- Discussion with key project staff
- Understanding the processes
- Review of different project documents and records to better understand the project activities
- Designed and performed audit procedures to obtain sufficient and appropriate evidence to provide reasonable assurance that the project resources are properly managed.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our independent opinion.

1.11. Financial Audit

The following audit methodology was applied while auditing financial transactions included in the project books of account:

- Assessment of risks through understanding financial processes and procedures,
- Design and perform audit procedures to obtain sufficient and appropriate audit evidence to provide assurance on whether the project financial report was properly prepared and supported,
- Performing audit procedures to confirm whether existing controls were adequately and effectively implemented.

1.12. Compliance Audit

The following audit methodology was applied while auditing compliance with laws and regulations relating to public spending:

- Assessment of risks of non-compliance with laws and regulations in force as well as the terms and conditions included in the funding agreement which may prevent the project to achieve the intended objective in due time,
- Design and perform compliance audit procedures to confirm whether the ACE DS activities were implemented in accordance with different project documents and existing laws and regulations as well.

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2. EXECUTIVE SUMMARY

Basis of our independent audit observation

We conducted an independent evaluation of the internal control system at the University of Rwanda-ACE DS in accordance with the requirements of the Ministerial Order N° 003/17/10/TC Of 27/10/2017 setting out Regulations for Internal Audit and Audit Committees in Public Entities.

In accordance with those regulations, the evaluation entailed the assessment of the design and implementation of the different elements of the internal control system such as the control environment, risk assessment, control activities, information and communication, and internal control monitoring. The audit was carried out on a risk basis and as a result, our audit procedures were tailored to the project risk analysis performed. The information provided by the project management was deemed necessary for the audit of the ACE DS and we believe that we obtained sufficient and appropriate audit evidence to support our independent opinion.

CONCLUSION

Based on the results of our evaluation, in our opinion, except for the matter raised below, the internal control system at the University of Rwanda -ACE DS was adequate and effectively implemented throughout the period.

(1) Tender for Development of ACE DS sustainability plan yet to be awarded

According to section 5.3 of the ACEs II project financing agreement, financing will be the most challenging aspect of sustainability for ACE II. Though national governments have shown strong commitment and ownership towards the selected ACEs, prior experience has highlighted the necessity for the ACEs themselves to develop fundraising capacity and learn innovative ways to generate revenues to finance their development needs after the project closing. The audit reviewed the implementation of this activity.

The Centre initiated the tendering process during the year ended 30 June 2020 and the tender was not awarded due to that the terms of references were not properly designed and decided to revisit them before advertisement.

During the year ended 30 June 2021, the Centre proceeded for advertisement and was not successful after 2 attempts due to the following reasons:

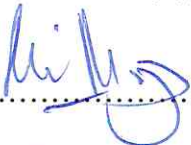
- For the first time, the Public tender Committee recommended the cancellation of the tender due to the fact that only two technical proposals were received contrary to article 68 of law No 62/18 of 25 August 2018 requiring the minimum number of 3 bids.

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- For the second time, the tender was cancelled due to that the first-ranked consultant withdrew from the tender while the second-ranked had a high financial offer compared to the tender budget.

The tender committee recommended the cancellation on 25 February 2021 for the first time while the cancellation was recommended on 03 December 2021 for the second time.

Accordingly, it is difficult to assess how the Centre will sustain itself after the project closing date without a sustainability plan. **See details in section 4.1.**


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MIZERO MUNYAMPUNDU Janvier

ACEs Internal Auditor Specialist

Date:.....March 2022.

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3. STATEMENT OF SOURCES AND USES OF FUNDS FOR THE PERIOD OF 6
MONTHS FROM 01 JULY TO 31 DECEMBER 2021

Details	Amount in USD
Sources of funds	
Opening balance	
World Bank IDA Funds	1,159,044.69
Students Fees	106,565.38
Others	9,920.61
Sub-Total 1	1,275,530.68
Add: Receipt during the period	
World Bank IDA Funds	915,799.06
Students Fees	150,412.01
Sub-Total 2	1,066,211.07
Total financing	2,341,741.75
Less: ACE Expenditure	
Learning and teaching excellence	123,744.02
Research excellence	29,169.24
Quality assurance	217,798.47
Attracting Faculty and Students from the Region	68,697.96
Collaboration with partners(National, Regional and International)	0
Sustainable financing	3,131.74
Management and Governance	57,965.01
Monitoring and Evaluation	608.45
Total Expenditure	501,114.89
Others: Payable 2020/21	1,219.09
Returned payments	-834.50
Closing balances	501,499.47
World Bank IDA Funds	1,573,344.26
Students Fees	256,977.39
Total Closing balance	1,830,321.65

DETAILED AUDIT FINDINGS

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4. REVIEW OF PROCUREMENT

4.1. Tender for Development of ACE DS sustainability plan yet to be awarded

Observations

According to section 5.3 of the ACEs II project financing agreement, financing will be the most challenging aspect of sustainability for ACE II. Though national governments have shown strong commitment and ownership towards the selected ACEs, prior experience has highlighted the necessity for the ACEs themselves to develop fundraising capacity and learn innovative ways to generate revenues to finance their development needs after the project closing. The audit reviewed the implementation of this activity and noted the following weakness

The Centre initiated the tendering process during the year ended 30 June 2020 and the tender was not awarded due to that the terms of references were not properly designed and decided to revisit them before advertisement.

During the year ended 30 June 2021, the Centre proceeded for advertisement and was not successful after 2 attempts due to the following reasons:

- For the first time, the Public tender Committee recommended the cancellation of the tender due to the fact that only two technical proposals were received contrary to article 68 of law No 62/18 of 25 August 2018 requiring the minimum number of 3 bids.
- For the second time, the tender was cancelled due to that the first-ranked consultant withdrew from the tender while the second-ranked had a high financial offer compared to the tender budget.

The tender committee recommended the cancellation on 25 February 2021 for the first time while the cancellation was recommended on 03 December 2021 for the second time.

However, further tendering processes were yet to be initiated to the time of the audit in March 2022.

Risk

The lack of a sustainability plan makes it difficult to assess how the Centre will sustain itself after the project closing date.

Recommendation

The centre management should put efforts to ensure that the centre's sustainability plan is developed. This will ensure the centre's sustainability after the project closing.

Management comment

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Observation is noted. The ACEDS has made its best effort to ensure the tender is awarded, but the tendering process could not be successful in past financial years due to different reasons stated above. However, the tender was further planned to be awarded during the year ending 30 June 2022.

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5. REVIEW OF ASSETS MANAGEMENT

5.1.Assets not recorded in the assets register

Observation

Article 73 of the ministerial order No 001/16/10/TC of 26/01/2016 relating to financial regulations requires that items of public property are properly safeguarded against theft, wastage, misuse, or any other loss.

Furthermore, article 74 of the ministerial order No 001/16/10/TC of 26/01/2016 relating to financial regulations requires that items of public property are properly recorded in an asset register in a format prescribed by the Minister containing at least: the date of acquisition; the description; the code; the quantity; the location; the cost for acquisition and disposals.

Contrary to the above articles, the review of assets maintained by Data Science noted the following weakness:

The review of assets acquired by ACE-DS during the biannual period ended 31 December 2021 noted that there are 2 computers (Microsoft Surface) worth **Frw 2,697,600** not recorded in the assets register. *See details in the table below:*

Date of supply	Name	Serial Number	quantity	Amount
12/10/2021	Microsoft Surface	21122604353	1	1,348,800
12/10/2021	Microsoft Surface	20879204353	1	1,348,800
	Total			2,697,600

Risk

Failure to record the assets in the assets register may lead to misappropriation or theft and it would be difficult to trace them.

Recommendation

Management should record all assets held in the assets register to avoid any misappropriation or theft that can occur.

Management comments

- The observation is noted. However, Microsoft surface/Tablet cat3 with serial number 20879204353 is no 605 in the asset register however its SN was mistakenly recorded. This has been corrected and it is in use at the ACEs coordination office.*

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- *Microsoft Surface with SN 21122604353 was not recorded but currently it is now recorded. This machine is located at the office of IT Officer/ACE-DS. On the next page it is indicated its Serial Number:*

