Office of the Auditor General of Rwanda

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AFRICAN CENTER OF EXCELLENCE IN INTERNET OF THINGS (ACE-EoT)

AUDIT REPORTS

For the year ended 30 June 2021

OAG Core Values

Integrity

In public Interest

Innovation

Objectivity

Professionalism

AFRICAN CENTER OF EXCELLENCE IN INTERNET OF THINGS (UR-ACE IoT)

FINANCIAL AUDIT REPORT

For the year ended 30 June 2021

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1. INTRODUCTION

1.1. Statement of purpose

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

1.2. Project information

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 **30th September 2016**
Project end date:	The project last disbursement date is **30th June 2023**
	The project expected completion date is **31st December 2023**
Project Manager	**Damien HANYURWIMFURA**
Project budget by the Lender	World Bank: 5.5 million (USD)
Total cost of the project	USD 5,500,000
Implementing budget agency	University of Rwanda

1.3. Project overview

Line Agency of the project	University of Rwanda
Strategic goals/objectives of the project	To train a critical mass of African Scientists and Engineers in the field of Internet of Things through Higher Education and Research. This provides a great opportunity for African students to enroll in multidisciplinary postgraduate programs in the field of Internet of Things. ACE in Internet of Things will build on University of Rwanda`s existing collaborations with the local and international partners, including Carnegie Mellon University Africa, and the International Center for Theoretical Physics, Italy.

General achievement of strategic goals /main component of the projects	To educate and train African researchers in the field of Internet of Things, who will develop and deploy innovative Internet of Things-enabled services, to address development challenges across all Eastern and Southern African high-priority domains. For example, (i) remote monitoring and diagnosis technology to provide rural populations with access to quality healthcare; (ii) wide-area networked sensors could be used for precision agriculture to improve yield; (iii) smart metering in African households, could regulate the power usage and increase energy efficiency.
Specific achievement of strategic goals/outputs of the projects	(i) Build a critical mass of African scientists and engineers in Internet of Things through higher education and research, and (ii) Set up an Internet of Things living lab in Rwanda for open innovation and co-creation of Internet of Things.
Current situation that the project was formed to intervene	To develop curricula to promote cutting-edge research in the field of Internet of Things; train high-level professionals and academics in the field of Internet of Things through Master's and PhD programmes in Wireless Intelligent Sensor Networks and Embedded Computing Systems; increase Internet of Things applied research output with relevance to the Eastern and Southern African priority domains, focusing on innovative, low-cost, open and sustainable solutions, and excel as a focal point for regional and international research collaborations, by providing a forum for researchers to share ideas and results on Internet of Things applications.
Other important background information of the project	ACE in Internet of Things will build on University of Rwanda-College of Sciences and Technology's existing collaborations with the local and international partners, including Carnegie Mellon University in Rwanda, and the International Center for Theoretical Physics, Italy. The 2015 Global Information Technology Report by World Economic Forum ranked Rwanda first globally in government success in ICT promotion.
Programmes offered by African Center of Excellence in Internet of Things	- ***Master's Program in Science Education:*** - Wireless Intelligent Sensors Networking (WiSeNet); - Embedded Computing System (ECS). - ***PhD by Research Programmes:*** - PhD by research in Wireless Intelligent Sensors Networking (WiSeNet); - PhD by research in Embedded Computing System (ECS).

1.4. Registered office

University of Rwanda
College of Sciences and Technology
Kigali, Rwanda

1.5. Bankers

i. National Bank of Rwanda
ii. Bank of Kigali

1.6. Auditors

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

1.7. Roles and responsibilities

The managers that were involved in financial and administrative management of the Project during the year ended 30 June 2021 and up to the time of the current audit in December 2021 are as follows:

N°	Names	Position
1	Françoise KAYITARE TENGERA	Deputy Vice Chancellor for Administration and Finance/University of Rwanda
2	Dr. Ignace GATARE	Principal-College of Science and Technology/University of Rwanda.
3	Dr. HANYURWIMFURA Damien	Acting Centre Director
4	Immaculate BUGINGO	UR SPIU Coordinator
5	Innocent MUSABYIMANA	Coordinator of African Centers of Excellence
6	Maurice P. KANAMUGIRE	UR Ag. SPIU DAF
7	Alexis NYUMVIRA	ACEs Procurement Officer
8	Godfrey BAGABE	Centre Accountant

1.8. Funding Summary

The Project duration is 7 years from 2016 to 2023 with an approved budget of 5,500,000 USD as highlighted in the table below:

Source of funds	Commitment	Cumulative amount received to 30 June 2021	Cumulative amount received to June 2021	Undrawn balance to June 2021	*Undrawn balance to June 2021
	(A)	(B)	(C)	D=(A)-(B)	E=(D*987.139896)
	(in USD)	(in USD)	(in Frw)	(in USD)	Frw
Loan					
World Bank	5,500,000	3,294,105	2,889,263,322	2,205,895	2,177,526,961
Total	**5,500,000**	**3,294,105**	**2,889,263,322**	**2,205,895**	**2,177,526,961**

**Undrawn balance of USD as on 30 June 2021 was translated into Frw using BNR the average exchange rate that existed on 30 June 2021 which is 1USD=Frw 987.139896.*

Below are details of amount received from World Bank up to 30 June 2021:

Received date	Amount received in USD	Exchange rate	Amount in Frw
24/04/2017	1,100,000.00	818.6678580	900,534,644
13/05/2019	135,000	883.9719900	119,336,219
13/05/2019	564,290	883.9719900	498,816,554
14/08/2019	645,315	894.6536030	577,333,390
17/03/2020	280,000	920.6757260	257,789,203
28/08/2020	569,500	940.2165270	535,453,312
Total	**3,294,105**		**2,889,263,322**

2. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Article 66 of the Organic Law N° 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 defined by Article 99 of the Ministerial Order N° 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 Internet of Things (ACE IoT)** 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 **ACEIoT**. I further confirm that **ACEIoT** maintained proper accounting records were which can 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 Centre.

Nothing has come to the attention of management to indicate that **ACEIoT** will not continue operating as a going concern for the foreseeable future.

Signature: ....

UNIVERSITY OF RWANDA - UR

Name: Françoise KAYITARE TENGERA
Deputy Vice Chancellor for Administration and Finance
University of Rwanda

Date: 31st December 2021

3. REPORT OF THE AUDITOR GENERAL

REPORT ON THE FINANCIAL STATEMENTS

Mrs Françoise KAYITARE TENGERA
Deputy Vice Chancellor for Administration and Finance
University of Rwanda

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 in Internet of Things (ACE IoT)** for the year ended 30 June 2021. These financial statements comprise of; the statement of financial position as at 30 June 2021, statement of revenue and expenditure, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are set out on pages **10** to **33**.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of **African Center of Excellence in Internet of Things (ACE IoT)** as at 30 June 2021, 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 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 **Center of Excellence in Internet of Things** 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 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 qualified 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 ACEIoT 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **ACEIoT**'s 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 **ACEIoT.**

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

3.4. Auditor General's responsibilities for the audit of the financial statements

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 **ACEIoT**'s 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.

KAMUHIRE Alexis
AUDITOR GENERAL

KIGALI

31st December 2021

OFFICE OF THE AUDITOR GENERAL FOR STATE FINANCES

4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4.1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

Description	Notes	12 months to 30 June 2021	12 months to 30 June 2020
		Frw	Frw
Transfers from public entities	2	14,849,999.61	160,232,000
Borrowings			
External borrowings	3	535,453,012	835,122,423.04
Total Revenue (A)		**550,303,011.61**	**995,354,423.04**
Expenses			
Goods and Services	4	207,130,629.47	171,763,465.20
Grants and other transfers	5	9,448,550	0
Capital expenditure	6	33,866,751.77	10,872,083.51
Other expenses	7	247,315,836.34	225,438,358.23
Total Expenses (B)		**497,761,767.58**	**408,073,906.94**
Other Gains and Losses			
Foreign exchange gain (C)	8	108,379,052.82	70,800,452.67
Surplus for the period (D=A-B+C)		**160,920,296.85**	**658,080,968.77**

The notes on pages **17** to **33** form an integral part of the financial statements

4.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

Description	Note	Balance as at 30 June 2021	Balance as at 30 June 2020
		Frw	Frw
Assets			
Current assets			
Cash and cash equivalents	9	1,963,138,378.20	1,829,826,826.55
Receivables from exchange transactions	10	2,810,855.99	3,972,223.10
Total current assets		**1,965,949,234.19**	**1,833,799,049.65**
Total Assets		**1,965,949,234.19**	**1,833,799,049.65**
Net assets/Equity and liabilities			
Liabilities			
Current Liabilities			
Payables	11	2,325,681.22	36,118,733.57
Total current liabilities		**2,325,681.22**	**36,118,733.57**
Total Liabilities		**2,325,681.22**	**36,118,733.57**
Net Assets/Equity		**1,963,623,552.97**	**1,797,680,316.08**
Accumulated opening balances		**1,797,680,316.08**	**1,140,019,540.13**
Adjustments on receivables	12	4,736,664.04	40,000
Adjustments on current liabilities	12	286,276	(460,192.82)
Surplus of the Year		160,920,296.85	658,080,968.77
Accumulated surplus		1,963,623,552.97	1,797,680,316.08
Total Net Assets/Equity		**1,963,623,552.97**	**1,797,680,316.08**
Total Liabilities and Net Assets/Equity		**1,963,623,552.97**	**1,797,680,316.08**

The notes on pages **17** to **33** form an integral part of the financial statements

Authorization Date

The financial statements were approved by the Management of the **ACE-IoT** on ..28th. December..2021 and were signed on its behalf by:

Prepared by:	**BAGABE Godfrey**		28/12/2021
	Project Accountant-ACE-IoT	Signature	Date
Reviewed by:	**KANAMUGIRE P. Maurice**		28/12/2021
	UR SPIU Ag. Director of Administration and Finance	Signature	Date
Checked by:	**BUGINGO Immaculate**		28/12/2021
	UR SPIU Coordinator	Signature	Date
Approved by:	**Françoise Kayitare Tengera**		28/12/2021
	Chief Budget Manager	Signature	Date

4.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

Description	12 months to 30 June 2021	12 months to 30 June 2020
	Frw	Frw
Cash flow from operating activities		
Receipts		
Transfers from other government entities	14,849,999.61	160,232,000
Total Revenue	**14,849,999.61**	**160,232,000**
Payments		
Use of goods and services	(207,130,629.47)	(171,763,465.20)
Grants and other transfer payments	(9,448,550.00)	-
Other expenses	(247,315,836.34)	(225,438,358.23)
Changes in receivables	1,161,367.11	95,667,771.81
Changes in payables	(33,793,052.35)	(40,186,335.10)
Prior adjustments	5,022,940.04	(420,193.82)
Net cash flows from operating activities (A)	**(476,653,761.40)**	**(181,908,580.54)**
Cash flows from investing activities		
Capital expenditure	(33,866,751.77)	(10,872,083.51)
Net cash flows from investing activities (B)	**(33,866,751.77)**	**(10,872,083.51)**
Cash flow from financing activities		
Proceeds from borrowings	535,453,012.00	835,122,423.04
Net cash flow from financing activities (C)	**535,453,012.00**	**835,122,423.04**
Net increase/(decrease) in cash and cash equivalents (D)	24,932,498.83	642,341,758.99
Cash and cash equivalents at beginning of period **(E)**	1,829,826,826.55	1,116,684,613.89
Effects of exchange rate changes on the balance of cash held in foreign currencies **(F)**	108,379,052.82	70,800,453.67
Cash and cash equivalents at end of period (G)	**1,963,138,378.20**	**1,829,826,826.55**

The notes on pages **17** to **33** form an integral part of the financial statements

4.4. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

Changes in net assets items	**Accumulated surplus/ deficit 2018/2019**	**Movement during the year 2019/2020**	**Total 2019/2020**
	Frw	**Frw**	**Frw**
Accumulated opening balance	763,287,171.00		763,287,171.00
Accumulated surplus/(deficit)	376,752,369.13	658,080,968.77	1,034,833,337.90
Adjustments on Receivables		40,000	40,000.00
Adjustments on current liabilities	(20,000)	(460,192.82)	(480,192.82)
Total	**1,140,019,540.13**		**1,797,680,315.08**
Changes in net assets items	**Accumulated surplus/ deficit 2019/2020**	**Movement during the year 2020/2021**	**Total 2020/2021**
	Frw	**Frw**	**Frw**
Accumulated opening balance	763,287,171.00		763,287,171.00
Accumulated surplus	1,034,833,337.90	160,920,296.85	1,195,753,634.75
Adjustments on Receivables	40,000	4,736,664	4,776,664
Adjustments on current liabilities	(480,192.82)	286,276.04	(193,916.78)
Total	**1,797,680,316.08**		**1,963,623,552.97**

4.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Description	Revised budget Frw	Actual Frw	Variances Frw	Performance %
Receipts				
Grants and transfers	160,765,000.00	14,849,999.61	145,915,000.39	*9.24
Other Revenues	108,542,061.40	108,542,061.40	-	100
Total receipts A	**269,307,061.40**	**123,392,061.01**	**145,915,000.39**	**45.82**
Goods And Services	301,588,732.80	207,130,629.00	94,458,103.80	**68.68
Other Expenses	276,249,533.17	256,764,386.34	19,485,146.83	92.95
Total payments B	**577,838,265.97**	**463,895,015.34**	**113,943,250.63**	**80.28**
Operating balance **C=A+B**	**(308,531,204.57)**	**(340,502,954.33)**	**31,971,749.76**	
Capital expenditure	226,019,516.10	33,866,751.77	192,152,764.33	***15
Total non-financial **D**	**226,019,516.10**	**33,866,751.77**	**192,152,764.33**	**15**
Net lending/(Borrowings) E=C-D	**(534,550,720.67)**	**(374,369,706.10)**	**(160,181,014.57)**	
Financing				
External Borrowings **F**	**617,131,561.00**	**535,453,012.00**	81,678,549.00	86.76
Total net incurrence of liabilities G=E+F	**82,580,840.33**	**161,083,305.90**	**(78,502,465.57)**	

Explanation on variances:

** Grants and transfers were not achieved as planned due to school fees amounts from University of Rwanda which were transferred in July 2021.*

***Variance on use of goods and services was mainly due to different costs related to logistics such as transport facilities, stationeries, refreshments were not used as staff were working from home and different activities were cancelled. Strategic plan of African Centers of excellence was not executed. It shifted to the budget of next year 2021-2022. Other variances resulted from planned exchange programs, staff retreats and International Conferences which were planned and not executed.*

****The variance on Capital Expenditure was due to the planned activity of establishing IoT labs through a partnership with Rochester Institute of Technology (RIT) and not executed. The partnership agreement required cabinet approval and this took long to get approved. The UR-RIT agreement was approved on 31st May 2021*

4.6. NOTES TO THE FINANCIAL STATEMENTS

1. Significant accounting policies

a. Statement of compliance

The financial statements have been prepared in accordance with the Organic Law N° 12/2013 of 12/09/2013 on State Finances and Property and related legal framework. These financial statements have been authorized for issue by the Minister of Finance and Economic Planning on 27/08/2021.
The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period. The presentation and classification of items in the financial statements are consistent from one period to the next and takes into consideration progressive improvements as contained in the Government of Rwanda roadmap to migrate to accrual IPSAS.

Reporting Entity

The Consolidated Financial Statements have been prepared by Ministry of Finance and Economic Planning (MINECOFIN) pursuant to Articles 13 and 67 of the Organic Law on State Finances and Property of 2013 that empowers the Minister in charge of Finance and Economic Planning to prepare consolidated financial statements of the Government of Rwanda.

b. Basis of Preparation

The financial statements have been prepared on the basis of historical costs unless otherwise stated. The cash flow statement is prepared using the direct method.

The specific accounting basis for major items in the financial statements are provided below. Except for the subsidiary entities affiliated to the decentralised entities, public entities shall maintain their books of account on a modified accrual basis of accounting. The subsidiary entities affiliated to the decentralised entities shall maintain their books of account on a modified cash basis of accounting and progressively move to the same accounting basis as that of the rest of the public entities.

In this context, modified accrual basis of accounting means that financial transactions and events shall generally be recognized in the books of account when they occur and not only when cash or its equivalent is received or paid, except in the following circumstances when transactions will be treated on a cash basis;

(i) **Public debt (principal and interest)** – involving Treasury bills, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Ministry or any other debt the State may take on will be treated on cash basis and recognized as revenue during the year of receipt and as expenditure in the year of repayment. However, loans acquired directly by a public entity and any associated interest shall be treated on an accrual basis and recognized as liabilities.

(ii) Inventories – these are assets:

a. in the form of materials and supplies to be consumed in the production process,
b. in the form of materials to be consumed in the rendering of services,
c. held for sale or distribution in the ordinary course of operations,
d. in the process of production for sale or distribution.

Inventories include assets such as consumable stores, maintenance materials, ammunition, land and other properties held for sale, strategic stock piles e.g. fuel reserves. These will be treated on cash basis and recorded as expenditure during the year of acquisition and treated as revenue in the year of disposal.

(iii) **Non-exchange transactions:** - These arise where an entity receives value from another entity without giving approximately equal value in exchange. These include taxes, fines and penalties, transfers, gifts and donations and shall be recognised when cash is received.

(iv) **Non-current assets (tangible and intangible assets):** - such as vehicles, furniture, equipment, finance leases, Plant and tools and investment property are treated on cash basis and recorded as capital expenditure during the year of acquisition and revenue in the year of disposal.

(v) **Investments excluding those directly made by public entities:** - shareholding in public corporations, investments in associates, equity interest in joint ventures, lending and on-lending by government entities will be treated on cash basis and recorded as capital expenditure during the year of acquisition and revenue in the year of disposal.

(vi) **Student loans:** - Student loans shall be treated on a cash basis at the time of disbursements and recognized as expenses. Similarly, they will be recognised as revenue when loan repayments are received from the students.

c. Reporting periods

The Government of Rwanda Fiscal Year runs from 1st July to 30th June. These financial statements cover the period 1st July 2020 to 30th June 2021. The comparative figures reflect the 12 months ended 30th June 2020.

d. Key assumptions and judgements

These financial statements, as a component of the Government consolidated financial statements, reflect the Government's financial position as at 30th June 2021, and the financial results of operations and cash flows for the period/year ended on that date. Included in these financial statements are a number of judgements, estimations and assumptions.

The assumptions are based on information available at the time of the preparation of the financial statements. It should therefore be noted that actual results may differ from the assumptions stated and thus have a material impact on the financial statements. The key assumptions are discussed below:

e. Presentation Currency

The functional currency of the Government of Rwanda is the Rwandan Franc. For reporting purposes, the financial statements are translated into Rwandan Francs.

The rates used to translate foreign currency balances is the average rate applicable by National Bank of Rwanda as at 30th June 2021.

f. Areas of significant estimation

These financial statements do not have significant estimates so far. For the non-current asset and inventory balances disclosures, the acquisition cost before depreciation has been used.

g. Adoption of new and revised standards

The government is in the process of transitioning to IPSAS through a phased approach that involves a six-year implementation plan.

Basis of consolidation

The financial statements are aggregated on a line by line basis with the inter-entity transactions of revenue and expenditure being eliminated at the national consolidation level to avoid overestimation of revenue or expenses.

Fair Presentation and Compliance with Accrual Basis IPSASs During the Period of Transition

IPSAS 33, First-Time-Adoption-of-Accrual-Basis-IPSASs, stipulates that where a first-time adopter has not recognized assets and/or liabilities under its previous basis of accounting, it is not required to recognize and/or measure the following assets and/or liabilities for reporting periods beginning on a date within three years following the date of adoption of IPSASs.

The IPSAS implementation roadmap as per blue print provides a six-year road map for implementation IPSAS accrual. The implementation is a process up to the six year. The government preferred incremental change instead of big bang.

Basing on the exemption relating to fair presentation and compliance provided by IPSAS 33, paragraph 33 to 62, the categories of assets and liabilities listed below have not been recognised but disclosed. Disclosing them is a first step in identification of assets and liabilities that have not been recognised in balance sheet. In addition, this is the second year of implementation, the identification is not yet completed and hence the disclosures might not be comprehensive. Further, though the approximate value is allocated to the non-current assets, the accuracy is not yet confirmed

The main ones include;

a) Inventories (see IPSAS 12, Inventories);
b) Investment property (see IPSAS 16, Investment Property);
c) Property, plant and equipment (see IPSAS 17, Property, Plant and Equipment);
d) Defined benefit plans and other long-term employee benefits (see IPSAS 25, Employee Benefits);
e) Biological assets and agricultural produce (see IPSAS 27, Agriculture);
f) Intangible assets (see IPSAS 31, Intangible Assets);
g) Service concession assets and the related liabilities, either under the financial liability model or the grant of a right to the operator model (see IPSAS 32, Service Concession Arrangements: Grantor);
h) Public debts; and
i) Government Investments in Public and Private Enterprises

Significant accounting policies

The accounting policies set out in this section have been consistently applied by all consolidated entities and for all the years presented.

I. REVENUE

a) Revenue from non-exchange transactions

- **Transfers from other general government units**

Transfers from other general Government units includes Transfers from National Treasury, Inter-entity and intra-entity transfers. Inter-entity transfers refer to transfers between cost or revenue centres belonging to different public entities while intra-entity refers to transfers between cost or revenue centres within the same budget agency.

A transfer is a transaction in which one institutional unit provides a good, service, or asset to another unit without receiving from the latter any good, service, or asset in return as a direct counterpart. Grants are normally receivable in cash, but may also take the form of the receipt of goods or services (in kind). Grants receivable are classified first by the type of unit providing the grant and then by whether the grant is current or capital.

A grant may be a sum of money or services given by a government body for specific purposes. Usually the money given can only be used for the intended purposes stated in the grant writing or application.

These transfers could be classified according to the sector of the counterparty and whether they are current or capital transfers.

The grants and transfers shall be sub-categorized as follows:
a) Grants received from Foreign Governments;

b) Grants received from International Organizations; and
c) Grants received from other general Government units which includes Treasury Transfers, Inter-entity and intra-entity transfers.

Grants and similar financing for capital items, to the extent that they have not been eliminated on consolidation, are recognised immediately in the Statement of financial assets and liabilities unless it is likely that the grant will need to be repaid, in which case the grant is deferred in the Statement of financial assets and liabilities

The following applies to grants and transfers:

- Grants are recognized in the books of accounts when cash is received and in case of grant in kind, such grants are recorded upon receipt of the grant item and upon determination of the value.

- Transfer from Treasury are recognized in the books of accounts when cash is received.

- Transfers received from Government entity for onward payment to a third party are not treated as an inter-entity (revenue) rather, such transfers shall be recorded as transit fund (liability) in the books of the receiving entity.

- Transfers from Treasury that are not related to current fiscal year budget are not treated as cash transfers. Instead such transfers shall be treated as inter-entity transfers.
- Transfers from entities to Treasury which does not relate to the current fiscal year budget are treated by Treasury as inter-entity transfers.

- Funds returned to Treasury at the end of the fiscal year as a result of zero balance accounts sweeping are not recognized as inter-entity transfers. Instead, those funds will reduce the cash transfer account balance for the same year. Where such transfers are received by Treasury in the subsequent fiscal year (such as embassies and foreign missions) such transfers is recognized as inter-entity transfers.

- The transfers other than grant include subsidies, as well as gifts and transfers from individuals, private non-profit institutions, nongovernmental foundations, corporations, and the nature of the transfer is not such that it could be included in the other categories of transfers.

b) Borrowings

The Ministry of Finance and Economic Planning is the principal borrowing agent for Central Government. Public debt and associated interest is recognized on cash basis. Proceed from loan borrowing is recognized as revenue during the year of receipt at cost and repayment as expenditure in the year of repayment. Cash is considered as received when recipient entity received a transfer advice from the partner rather than when cash is received in the bank account of the receiving entity.

Other loans (principal and any associated interest) acquired directly by a public entity (e.g. those acquired by Decentralized Entities) are treated on an accrual basis and recognized as liabilities.

II. Expenditure

All expenditure is recognised on accrual basis however the point of recognition may be different according to their categories.

a) Goods and services

Goods and services consists of the value of goods and services used for the production of market and nonmarket goods and services.
The value of goods or services is recorded when the goods or services are actually used rather than when they were acquired or paid for. In practice, these events often coincide for inputs of services but not for goods, which may be acquired some time in advance of their use. The value of goods purchased and held for resale is recorded as goods and services when they are sold.

b) Acquisition of fixed assets

The expenditure on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as expenditure and income items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as revenue and as Acquisition of Fixed Assets otherwise it not recorded rather a fixed asset register which contains details of assets is maintained by each public entity.

c) Transfers to public Entities

Transfers to public entities are made in the form of direct/indirect cash transfers and direct payments to public reporting entities. Payments from the Central Treasury account are originated and approved by the respective Public entities before they are forwarded to the Treasury for payment. Direct/indirect cash transfers are transferred together with associated activities to be performed. The expenditure/receipt is recognised when actual cash is transferred. Cash is considered as transferred when consideration for payment such as EFT, Cheque, Payment Orders are approved level 2 rather than when cash and cash equivalent are debited from the bank statement. For direct payments expenditure is recognized when goods/services are received and when commitment is approved for all other expenditures. During the consolidation process while the actual spending reported by budget agencies is regarded as expenditures.

d) Other expenses

Any other expenses not part of the ones above will fall into this category.

e) Repayment of borrowings

Expenditure relating to principal loan repayments, lending and on-lending, are accounted for on cash basis and recognized in the books of accounts when cash and cash equivalent is paid out. Cash is considered as paid when consideration for payment such as EFT, Cheque, Payment Order are signed rather than when cash and cash equivalent are debited from the bank statement.

III. Assets and Liabilities

a) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents comprise balances with banks and investments in short-term money market instruments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the National Bank of Rwanda, foreign bank for the case of embassies and high commissions and at various commercial banks at the end of the reporting period.

b) Receivables from exchange transactions

These receivables include the receivables from the exchange transactions, prepayments and other receivables recoverable in period not exceeding 12 months.

c) Receivables from non-exchange transactions

These receivables include the receivables from taxes, receivables relating to on lending transactions, and other non-exchange transactions recoverable in period not exceeding 12 months.

d) Inventories

Inventories are expensed in the period in which they are acquired by the Government and its entities.

e) Prepayments and other current assets

These include advances and prepayments made during the year but the service or goods are not yet consumed or received by the entity at the closing date.

f) Other financial assets

These include acquisition of commercial papers, bonds of short term, treasury bills, etc.

g) Receivables from exchange transactions long term

These receivables include the receivables from the exchange transactions, prepayments and other receivables recoverable in more than 12 months.

h) Current Liabilities

These mainly relate to invoices for goods and services which were outstanding on the date of the closure of the fiscal year. These are recognized as liabilities for that specific fiscal year. All goods received notes are recognised as liabilities if not yet paid as at the end of the period.
It also includes short term borrowings received by budget agencies from Local Commercial Banks as these are not regarded as public debt.

i) Noncurrent liabilities

These Noncurrent liabilities includes funds due to suppliers whose repayment shall be done in more than 12 months from the end of the financial year.

IV. Other relevant information

a) Foreign currency transactions

Transactions denominated in foreign currencies are initially translated to the Rwandan Franc at the foreign exchange rate at the date of transaction.

The National Bank of Rwanda provides exchange rates for major foreign currencies on a daily basis. These are presented for selling rate (rate the bank will sell foreign currency to its clients), buying rate (rate the bank will buy foreign currency from its clients) and average rate (average between the selling and buying rate).

During the year, revenue items are translated using the buying rate presented at BNR website of the transaction day whereas the Expense items should be translated using the Selling rate presented at BNR website of the transaction day.

The associated exchange losses are recorded as other expenditure while exchange gains should be recorded as other revenue. At the end of the year, book balances, Assets (such as bank and cash and accounts receivables) and liability (such as accounts payables), denominated in foreign currencies are converted into the Rwanda Franc at the average rate of exchange ruling on that closing date, as issued by the National Bank of Rwanda. The associated exchange losses/gains are recorded as expenditure/income in the books.

b) Comparative figures

Adjustments have been made on the opening balances of the current financial period with respect to adjustments made by individual entities relating to the comparative periods.

c) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2021.

Changes in accounting policies and estimates

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so; in this regards, such adjustments have been treated as adjustments to opening balance.

d) Notes to the statement of comparison of budget and actual amounts

- The original budget for 2020/2021 was approved by the Parliament/ District council for Local Government on 30/06/2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Government upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Government recorded additional appropriations of budget in accordance with specific instructions of the Cabinet/Parliament.

- Government's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the Statement of revenues and expenditures, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

- Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for Government.

- Public entity differences occur when the budget omits program/activity or a public entity that is part of the public entity for which the financial statements are prepared. There are no entity differences.

2. Transfers from other Government reporting entity

Account code	Description	12 Months to 30 June 2021	12 Months to 30 June 2020
		Frw	Frw
139	Inter Transfer from Subsidiary entities- current	14,849,999.61	160,232,000
	Total	**14,849,999.61**	**160,232,000**

3. Proceeds from borrowings

Account code	Name of Lender	Date received	Amount in Foreign Currency (USD)	Exchange Rate	12 Months to 30 June 30 June 2021	12 Months to 30 June 30 June 2020
					Frw	Frw
162	**Loan Borrowing – Foreign**					
	World Bank	14/08/2019	645,315	894.65361	-	577,333,394.34
	World Bank	17/03/2020	280,000	920.675101	-	257,789,028.28
	World Bank	28/08/2020	569,500	940.216	535,453,012	-
	Total				**535,453,012**	**835,122,423.04**

4. Use of goods and services

Account code	Description	12 Months to 30 June 30 June 2021	12 Months to 30 June 30 June 2020
		Frw	Frw
2211	Office Supplies and Consumables	3,579,351.29	1,435,633.42
2214	Communication Costs	6,406,978.29	4,806,498.41
2216	Bank charges and commissions and other financial costs	728,190.29	1,146,320.28
2217	Public Relations and Awareness		1,147,998.82
2221	Professional and contractual Services	192,860,017.82	95,164,979.50
2231	Transport and Travel	3,164,101.36	47,811,055.72
2241	Maintenance and Repairs		1,568,501.40
2261	Training Costs		18,682,477.65
2291	Other Use of Goods& Services	391,990.42	
	Total	**207,130,629.47**	**171,763,465.20**

5. Transfers to Central government entities

Account code	Description	12 Months to 30 June 2021	12 Months to 30 June 2020
		Frw	
267112	Intra Transfers to University of Rwanda (UR) for e-learning	9,448,550	-
	Total	**9,448,550**	-

6. Capital Expenditure

Account code	Description	12 Months to 30 June 2021	12 Months to 30 June 2020
		Frw	Frw
231410	Acquisition of Computer software	2,719,994.30	-
231401	Acquisition of Desk top Computer	2,192,912.85	
231499	Acquisition of Other ICT Equipment, software and Assets	28,953,844.62	10,872,083.51
	Total	**33,866,751.77**	**10,872,083.51**

7. Other Expenses

Account code	Description	12 Months to 30 June 2021	12 Months to 30 June 2020
		Frw	Frw
288102	Educ.non reimbursable Scholarship	94,760,009.30	78,860,000.00
288104	Students Living Allowance	150,089,328.81	144,570,680.91
288105	Students Trans Air Fairs	2,466,498.23	2,007,677.32
Total		**247,315,836.34**	**225,438,358.23**

8. Foreign exchange loss /(gain)

Account code	Description	12 Months to 30 June 2021	12 Months to 30 June 2020
		Frw	Frw
145111	Gain of currency exchange and translations	108,542,061.40	71,097,470.47
221605	Loss on currency exchange and translations	(163,064.62)	(297,017.80)
Total		**108,379,052.82**	**70,800,452.67**

9. Bank balances

ID account	Bank name	Account currency	Account Number	Amount in foreign currency	Exchange rate	Balance as at 30 June 2021	Balance as at 30 June 2020
						Frw	Frw
311522	BK	Frw	000940774480077			214,196,791	196,301,288.39
311393	BNR	USD	1000038071	1,740,459.89	987.139896	1,718,077,394.81	1,570,950,524
311423	BK	USD	000940774480178	31,266.28	987.139896	30,864,192.39	62,575,014.16
Total						1,963,138,378.20	1,829,826,826.55

10. Accounts receivable

Account code	Debtor's name	Balance as at 30 June 2021	Balance as at 30 June 2020
		Frw	Frw
3121	Accounts receivable - Third parties		3,972,223.10
	TWESIGYE Geoffrey	316,409	-
	IRAMBONA Oscar	286,409	-
	ITANGUKWISHATSE Mathieu	1,271,628.99	-
	MUKAMANA Jacqueline	100,000	-
	NIYIGENA Issa	266,409	-
	NIZEYIMANA Jean de Dieu	300,000	-
	KATUSHABE Caroline	10,000	-
	Farian Severine ISHENGOMA	10,000	-
	NIYONAMBAZA Irene	10,000	-
	HITIMANA Jean Pierre	10,000	-
	George Yogo Odongo	10,000	-
	Eunice David Likotiko	10,000	-
	DUSHIMIMANA Fulgence	10,000	-
	Davy UWIZERA	10,000	-
	Amini NTAKIRUTIMANA	10,000	-
	MUKASINE Angelique	10,000	-
	MUGABE NZARAMA Gabriel	10,000	-
	RWEGO Placide Mucyo	10,000	-
	Gibson KIMUTAI	10,000	-
	MWANAJUMA Suleiman Mgeni	10,000	-
	MUSANASE Christine	10,000	-
	Kiflay Aklil Zenebe	10,000	-
	UMUHOZA Leoncie	10,000	-

Account code	Debtor's name	Balance as at 30 June 2021	Balance as at 30 June 2020
		Frw	Frw
	KAVISHE Peter Martin	10,000	-
	NTAWUZURUMUNSI Elias	10,000	-
	MANISHIMWE Janvier	10,000	-
	ISHIMWE BEZA Aime	10,000	-
	NKWASA Bernedine	10,000	-
	HARERIMANA Charles	10,000	-
	KIPTOO FANCY JEP	10,000	-
	WESONGA KELUBIN MILICENT	10,000	-
	UWASE MARIE AIME	20,000	-
	Total	**2,810,855.99**	**3,972,223.10**

11. Accounts payable

Account code	Creditor's name	Balance as at 30 June 2021	Balance as at 30 June 2020
		Frw	Frw
4121	Accounts Payables -Third parties		36,118,733.57
	RTTA	360,381	-
	MUKANYIRIGIRA Didacienne	7,063	-
	PAUL Brown Makeso	247,600.22	-
	AMACID-SOFA Conference	430,215	-
	Jean Baptiste MUGIRANEZA	5,882	-
412108	Other Accounts Payable-RRA WHT	1,274,540	-
	Total	**2,325,681.22**	**36,118,733.57**

12. Adjustments on opening balances

Account code	Description	As at 30 June 2021	As at 30 June 2020
		Frw	Frw
512102	Prior years errors adjustments on receivables	4,736,664.04	40,000
512103	Prior years errors adjustments on accounts payable	286,276	(460,192.82)
	Total	**5,022,940.04**	**(420,192.82)**

12.1 Adjustments on accounts receivable

Description	***Amount Frw***
Recognition of refund balance from Irambona Oscar received living allowances twice	*(80,000)*
Recognition of refund balance from Bizimana Judith received living allowances twice	*(312,263)*
Recognition of refund balance from Mukamana Jacqueline received living allowances twice	*(212,263)*
Recognition of refund balance from Itangukwishatse Mathieu received living allowances twice	*(250,000)*
Recognition of refund balance from Gatete Theogene received living allowances twice	*(1,828,513)*
Correction of receivable amount already recovered but still appearing as outstanding receivables	*(1,040,000)*
Booking TWESIGYE Geofrey	*366,409*
Booking IRAMBONA Oscar	*366,409*
Booking NIYIGENA Issa	*366,409*
Booking NIZEYIMANA Jean	*366,409*
Booking of BIZIMANA Judith	*412,263*
Booking MUKAMANA Jacqueline	*412,263*
Booking ITANGUKWISHATSE	*1,521,628*
Booking GATETE Theogene	*1,828,513*
Correction on payment of MUNYANA RAPHAEL	*136,361.04*
Receivable paid by ITANGUKWISHATSE Mathieu	*250,000*
Receivable paid by MUKAMANA JACQUELINE	*112,263*
Receivable paid by BIZIMANA JUDITH	*312,263*
Receivable paid by NIYIGENA ISSA	*100,000*
Receivable paid by GATETE THEOGENE	*1,828,513*
Receivable paid by IRAMBONA OSCAR	*80,000*
Total	***4,736,664.04***

12.2 Adjustments on accounts payable

Description	**Amount Frw**
Correction of exchange loss	*(55,035)*
Correction of returned payment recorded as expenses	*341,311*
Total	**286,276**

13. IMPORTANT DISCLOSURES

13.1.Breakdown of inventory of supplies and consumables

Description	Balance as at 30 June 2020	Additions	Consumed /disposed of	Balance as at 30th June 2021
Consumable stores	101,981	36,748,508	36,620,654	229,835
Total	**101,981**	**36,748,508**	**36,620,654**	**229,835**

13.2. Summary of physical assets and reconciled to the fixed asset register

Categories	Opening balance 1 July 2020	Acquisition of assets	Disposed of	Revaluation surplus/(loss) amount	Transfers	Total gross carrying amount	Depreciation for the period	Net carrying amount as at 30 June 2021
	Frw	Frw	Frw	Frw	Frw	Frw	Frw	Frw
Office Equipment	2,024,998		-	-	-	2,024,998	-	2,024,998
ICT Equipment	62,168,618	33,866,751.77	-	-	-	96,035,369.77	-	96,035,369.77
Total	**64,193,616**	**33,866,751.77**				**98,060,367.77**		**98,060,367.77**

13.3. Aging summary report for receivable

Debtor's Name	Date intervals					Balance as at 30 June 2021
	1-45 days	46-90 days	91-365 days	1 Year to 2 Years	Above 2 Years	
	Frw	Frw	Frw	Frw	Frw	Frw
ACE-IoT Students	2,810,855.99					2,810,855.99
Total	**2,810,855.99**					**2,810,855.99**

13.4. Aging summary report for payables

Debtor's Name	Date intervals					Balance as at 30 June 2021
	1-45 days	46-90 days	91-365 days	1 Year to 2 Years	Above 2 Years	
	Frw	Frw	Frw	Frw	Frw	Frw
Payables	2,325,681.22					2,325,681.22
Total	**2,325,681.22**					**2,325,681.22**

13.5. Borrowings

Disbursement date	Amount received in USD	Exchange rate	12 Months to 30 June 2021
			Frw
28/08/2020	569,500	940.216	535,453,012

13.6.Intra entity transfer

Sending entity code	Transferring entity Name	12 Months to 30 June 2021
		Frw
01	University of Rwanda	94,760,000
Total		**94,760,000**

These are funds related tuition fees to be received from the College of Science and Technology (CST). Funds had not yet been received by 30th June 2021