

**AFRICAN CENTRE OF EXCELLENCE IN  
INTERNET OF THINGS (ACE-IoT)**

**AUDIT REPORTS**

**For the year ended 30 June 2022**

**OAG Core Values**

**Integrity**

**In public Interest**

**Innovation**

**Objectivity**

**Professionalism**

**AFRICAN CENTRE OF EXCELLENCE IN  
INTERNET OF THINGS (ACE-IoT)**

**AUDIT REPORT ON FINANCIAL  
STATEMENTS**

**For the year ended 30 June 2022**

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## 1. INTRODUCTION

### 1.1 Project background

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 objective

The objective of the project is to support the recipient to strengthen selected eastern and southern African higher education institutions in the recipient's territory to deliver quality post-graduate and build collaborative research capacity in the regional priority areas.

### 1.3 Duration and 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 2022	Cumulative amount received to June 2022	Undrawn balance to June 2022	*Undrawn balance to June 2022
	(A)	(B)	(C)	D=(A)-(B)	E=(D*1,024.482)
	(in USD)	(in USD)	(in Frw)	(in USD)	Frw
<b>Loan</b>					
World Bank	5,500,000	4,682,408.94	4,264,610,350	816,358.25	836,344,332.7
<b>Total</b>	<b>5,500,000</b>	<b>4,682,408.94</b>	<b>4,264,610,350</b>	<b>816,358.25</b>	<b>836,344,332.7</b>

*\*Undrawn balance of USD as on 30 June 2022 was translated into Frw using BNR the average exchange rate that existed on 30 June 2022 which is 1USD=Frw 1,024.482.*

Below are details of amount received from World Bank up to 30 June 2022:

Received date	Amount received in USD	Exchange rate(Buying)	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
24/06/2021	86,766.87	990.667093	85,957,083
19/10/2021	1,301,537.07		1,289,389,946
<b>Total</b>	<b>4,682,408.94</b>		<b>4,264,610,350</b>



#### 1.4 Basic information of the project

Project Name	African Center of Excellence in Internet of Things (ACE-IoT)														
Project Number	Credit Number 5796-RW														
Line Ministry of the project	MINEDUC														
Funding sources	The project's total funding over the project lifetime is as below. <table border="1"><thead><tr><th>Source of funds</th><th>Amount in foreign currency</th><th>Amount in local currency</th></tr><tr><td></td><th>USD</th><th>Frw</th></tr></thead><tbody><tr><td>Loan</td><td>5,500,000</td><td>4,294,592,275</td></tr><tr><td>Total</td><td>5,500,000</td><td>4,294,592,275</td></tr></tbody></table> <i>Using average exchange rate as at 17/6/2016 as the date of project signature: 1USD = 780.834959Frw</i>			Source of funds	Amount in foreign currency	Amount in local currency		USD	Frw	Loan	5,500,000	4,294,592,275	Total	5,500,000	4,294,592,275
Source of funds	Amount in foreign currency	Amount in local currency													
	USD	Frw													
Loan	5,500,000	4,294,592,275													
Total	5,500,000	4,294,592,275													
Project Start Date:	The Project approval date is <b>26 May 2016</b> The Project signature of agreement date is <b>17 June 2016</b> The Project effectiveness date is <b>30 September 2016</b>														
Project End Date:	The Project expected completion date <b>31 December 2023</b> The Project last disbursement date <b>30 June 2023</b>														
Project Manager	The project manager is <b>Dr. Damien HANYURWIMFURA</b>														
Project Sponsor/ Funder	World Bank														
The project objective	The objective of the project is to support the recipient to strengthen selected eastern and southern African higher education institutions in the recipient's territory to deliver quality post-graduate and build collaborative research capacity in the regional priority areas.														
Strategic goals 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 Canter for Theoretical Physics, Italy.														
Project components and activities	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.														
Physical address	University of Rwanda, College of Sciences and Technology, Domiciled in Nyarugenge District, Rwanda														
Implementing agency	University of Rwanda														

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**1.5 Project achievements**

S/n	Disbursement Linked Indicator (DLI)	Disbursement Linked Results (DLRs)	Target for the year	Achievements for the year	Comments
1	DLI #2 : Excellence in Education and Research capacity and development impact	#2.2: Newly enrolled students in the ACE-IOT	PhD: 0 MSc: 30 Short course: 15	PhD: 9 MSc: 29 Short course: 35 About the short course: a) In partnership with JICA, the ACE-IoT organized a training of 6 Months to professionals in ICT Human Resource Initiative for Business Development. b) In partnership with Coventry University, the ACE-IoT, ACE-ESD, EAIFR organized summer school event to train professionals on applications of <b>IoT in Energy</b>	A) The ACE-IoT reached to overall project target of PhD students. In FY 2021-2022, the Center enrolled 9 PhD students. Among them, 6 are sponsored under an agreement between ACE-IoT and PASET. The other three students are private/self-sponsored PhD students. B) The Center enrolled 29 (19 M & 10 F) from 6 Nationalities: Rwanda, Tchad, DRC, Kenya, Malawi and Tanzania. C) The Center trained 16 professionals in partnership with JICA and 19 professionals during summer school
2		#2.3: Accreditation of quality of education programs.	Two (2) Masters or Two (2) PhD programs of ACE-IOT submitted for international accredited.	The two Master programs and two PhD programs are in progress of getting international accreditation. The ACE-IoT is working with an internationally recognized accrediting agency based in Germany called AQAS	The ACE-IoT selected the Agency for Quality Assurance through Accreditation of Study Programs (AQAS) as a best accrediting agency of its programs. It is based in Germany. Then it started working together where the Center submitted a self-assessment report to AQAS. From 2 to 5 May 2022 the Center received a team of Experts from AQAS for on-site visit to assess the programs delivered by ACE-IoT for the International accreditation. Actually, the Center is working on the comments received from AQAS in the process of getting international accreditation of its programs.
3		#2.4: Collaboration and partnerships for applied	One (1) MoUs & contract agreement signed	One (1) Memorandum of Understanding was signed. On the 30 September, 2021, the MoU was	For the implementation of the signed MoU, from 19 <sup>th</sup> to 21 <sup>st</sup> May 2022, a team of researchers from Kwame Nkrumah University of

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		research and training		signed between Kwame Nkrumah University of Science and Technology (KNUST) and University of Rwanda, on behalf of both African Center of Excellence in Internet of Things and African Center of Excellence in Energy for Sustainable Development (ACE-ESD).	Science & Technology (KNUST) paid a courtesy visit to ACE-IoT & ACE-ESD to explore different collaboration areas under an existing signed MoU.
4		#2.5: Peer-reviewed journals papers or peer-reviewed conference papers.	Fifteen (15) peer-reviewed papers published	37 publications. From July 2021 to June 2022, the ACE-IoT published 37 research papers in internationally recognized peer-reviewed journal and international peer-reviewed conferences.	The publications of the Center are available on the link of Center's website
5		#2.6: Faculty, PhD and Masters students' exchanges to promote regional research and teaching.	Ten (10) academic staff, PhD & Masters' students facilitated for conducting exchanges	47 Exchanges were conducted. The ACE-IoT facilitated two exchanges programs of Center staff and 45 students of the Center.	a) The ACE-IoT facilitated One (1) research assistant to conduct an exchange program at State University of Zanzibar to get expertise in drones operationalization. b) The Center facilitated an exchange of capacity building for the monitoring and Evaluation officer c) A PhD student conducted an exchange program of three Months at Bremen University, Germany; d) The Center facilitated 44 Masters Students in the second cohort to conduct exchange programs in different public and private institutions.
6		#2.7: External revenue generation	USD \$ 55,000	The ACE-IoT generated \$ 814,026 from different grants won and administrative fees from students.	This DLR is already achieved by the Center and the funds allocated to #2.7 are disbursed. For strengthening the means of generating external income, on the 15th March, 2022, both ACE-IoT and ACE-ESD organized a joint workshop chaired by the Principal of CST. The workshop brought together its partners to discuss strategic innovations and activities



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					and get ideas that can be applied to sustain both center after WB funds.
7	DLI #3: Timely, transparent and institutionally reviewed Financial management.	DLR #3.1. : Timely withdrawal application supported by financial reporting on the ACE account for the period. #3.2. : Functioning Audit Committee under the University Council #3.3: Functioning internal audit unit for the University  #3.4: Transparency of financial management (Audit reports, interim financial reports, budgets and AWP, are all web accessible)	All requirements of Financial management results of the fiscal year 2021-2022 to be achieved at 100%	All requirements of the fiscal year 2021-2022 were achieved 100%.	During the Fiscal Year 2021-2022, the ACE-IoT submitted for verification the required financial management results related to FY 2019-2020. After a successful verification of the results in DLI#4, the Center made an application for withdrawal, and the linked disbursement reached ACE-IoT bank account in November 2021. The requirements of financial management of FY 2020-2021 are in process of withdrawal. The remaining disbursement related to FY 2021-2022 are in progress and expected to be met by December 2022.
8	DLI#4: Timely, and audited procurement Timely and audited Procurement	DLR #4.1: Timely procurement audit report. #4.2: Timely and satisfactory procurement progress report.	All requirements of timely and transparent procurement results of the fiscal year 2021-2022 to be achieved at 100%	All requirements of the fiscal year 2021-2022 were achieved 100%.	During the Fiscal Year 2021-2022, the ACE-IoT submitted for verification the required procurement results related to FY 2019-2020. After a successful verification of the results in DLI#4, the Center made an application for withdrawal, and the linked disbursement reached ACE-IoT bank account in November 2021. The requirements of procurement of FY 2020-2021 are in process of withdrawal. The remaining disbursement related to FY 2021-2022 are in progress and expected to be met by December 2022.

### 1.6 Project management

The project management who held the office during the year ended 30 June 2022 and to the date of this report were 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

## **2. STATEMENT OF MANAGEMENT RESPONSIBILITIES**

Article 66 of the Organic Law N° 12/2013/OL 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 30<sup>th</sup> 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 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 **ACE-IoT**. I further that **ACE-IoT** maintained proper accounting records which can be relied upon in the preparation of financial statements. I also confirm that adequate systems of internal financial 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 **ACE-IoT** will not continue operating as a going concern for the foreseeable future.

Signature: .....

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

Date: .....





### 3. REPORT OF THE AUDITOR GENERAL

#### REPORT ON THE FINANCIAL STATEMENTS

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

#### 3.1 Opinion

As required by Article 165 of the Constitution of the Republic of Rwanda of 2003 revised in 2015, and Articles 6 and 14 of Law N° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I have audited the financial statements **African Center of Excellence in Internet of Things (ACE-IoT)** for the year ended 30 June 2022. These financial statements comprise the statement of financial position as at 30 June 2022, and the statement of financial performance, the statement of cash flows, the statement of changes in net assets and statement of budget execution for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are set out on pages **12 to 33**.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of **African Centres of Excellence in Internet of Things (ACE-IoT)** as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with the guidelines provided by Ministerial Order N° 001/16/10/TC of 26/01/2016 relating to financial regulations and Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property.

#### 3.2 Basis for opinion

I conducted the 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 Centres of Excellence in Internet of Things (ACE-IoT)** and have fulfilled my ethical responsibilities in accordance with the ethical requirements that are relevant to my audit of financial statements of public entities as determined by the *Code of ethics* for International Organisation of Supreme Audit Institutions (INTOSAI). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### 3.3 Responsibilities of management and those charged of Governance

According to Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property, management of **African Center of Excellence in Internet of Things (ACE-IoT)** is responsible for keeping accounting records and books of account, and preparation of financial statements in accordance with the financial regulations prescribed by the Minister in Ministerial order N° 001/16/10/TC of 26/01/2016 relating to financial regulations. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the **African Center of Excellence in Internet of Things (ACE-IoT)**'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 the **African Center of Excellence in Internet of Things (ACE-IoT)**.

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



### **3.4 Auditor General's Responsibility for 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 **African Center of Excellence in Internet of Things (ACE-IoT)**'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, *15th December,* .....2022



4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4.1.STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

Description	Notes	12 months to 30 June 2022	12 months to 30 June 2021
		Frw	Frw
Transfers from other government entities	2	1,515,662,293.51	14,849,999.61
Other revenue	3	1,296,798.77	796,168.37
External borrowings	4	0	535,453,012
<b>Total Revenue (A)</b>		<b>1,516,959,092.28</b>	<b>551,099,179.98</b>
<b>Expenses</b>			
Goods and Services	5	555,428,399.92	207,130,629.47
Grants and other transfer payments	6	-	9,448,550
Capital expenditure	7	84,046,132.40	33,866,751.77
Other expenses	8	306,584,463.69	247,315,836.34
<b>Total Expenses (B)</b>		<b>946,058,996.01</b>	<b>497,761,767.58</b>
<b>Other Gains and Losses(C)</b>			
Foreign exchange gain	9	75,404,318.80	108,379,052.82
<b>Surplus for the period (D=A-B+C)</b>		<b>646,304,415.07</b>	<b>161,716,465.22</b>

The notes on pages 18 to 33 form an integral part of these financial statements.

4.2. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

Description	Notes	Balance as at 30 June 2022	Balance as at 30 June 2021
		Frw	Frw
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	2,817,883,445	1,963,138,378
Receivables from exchange transactions	11	2,144,447	2,810,856
<b>Total current assets</b>		<b>2,820,027,892</b>	<b>1,965,949,234</b>
<b>Total Assets</b>		<b>2,820,027,892</b>	<b>1,965,949,234</b>
<b>Net assets/Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	12	210,099,924	1,529,513
<b>Total current liabilities</b>		<b>210,099,924</b>	<b>1,529,513</b>
<b>Total Liabilities</b>		<b>210,099,924</b>	<b>1,529,513</b>
<b>Net Assets/Equity</b>			
Accumulated opening balances	13	1,964,419,721	1,797,680,316
Adjustments made during the period	14	(796,168)	5,022,940
Surplus for the period		646,304,415.07	161,716,465.22
<b>Total Net Assets/Equity</b>		<b>2,609,927,968</b>	<b>1,964,419,721</b>
<b>Total Equity and Liabilities</b>		<b>2,820,027,892</b>	<b>1,965,949,234</b>

The notes on pages 18 to 33 form an integral part of these financial statements.

4.3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Description	Year ended 30 June 2022	Year ended 30 June 2021
	Frw	Frw
<b>Cash flow from operating activities</b>		
<b>Receipts</b>		
Transfers from other government entities	1,515,662,293.51	14,849,999.61
Other revenue	1,296,798.77	796,168.37
<b>Total Revenue</b>	<b>1,516,959,092.28</b>	<b>15,646,167.98</b>
<b>Payments</b>		
Use of goods and services	(555,428,399.92)	(207,130,629.47)
Foreign exchange loss /(gain)		
Grants and other transfer payments	-	(9,448,550.00)
Social assistance	-	-
Other expenses	(306,584,463.69)	(247,315,836.34)
<b>Adjusted for:</b>		
Changes in receivables	666,409.00	1,161,367.11
Changes in payables	208,570,411.14	(34,589,220.72)
Prior adjustments	(796,168.37)	5,022,940.04
<b>Net cash flows from operating activities</b>	<b>863,386,880.44</b>	<b>(476,653,761.40)</b>
<b>Cash flows from investing activities</b>		
Capital expenditure	(84,046,132.40)	(33,866,751.77)
<b>Net cash flows from investing activities</b>	<b>(84,046,132.40)</b>	<b>(33,866,751.77)</b>
<b>Cash flow from financing activities</b>		
Proceeds from borrowings	-	535,453,012.00
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>535,453,012.00</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>779,340,748.04</b>	<b>24,932,498.83</b>
Cash and cash equivalents at beginning of period	<b>1,963,138,378.20</b>	<b>1,829,826,826.55</b>
Effects of exchange rate changes on the balance of cash held in foreign currencies	75,404,318.80	108,379,052.82
<b>Cash and cash equivalents at end of period</b>	<b>2,817,883,445.04</b>	<b>1,963,138,378.20</b>



4.4. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

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	-	763,287,171
Accumulated surplus/(deficit)	1,034,833,338	161,716,465	1,196,549,803
<b>Accumulated adjustments</b>			
Adjustments on Receivables	40,000	4,736,664	4,776,664
Adjustments on current liabilities	(480,193)	286,276	(193,917)
<b>Balance at the end of the year</b>	<b>1,797,680,316</b>	<b>166,739,405</b>	<b>1,964,419,721</b>
Changes in net assets items	Accumulated surplus/ deficit 2020/2021	Movement during the year 2021/2022	Total 2021/2022
Accumulated opening balance	763,287,171		763,287,171
Accumulated surplus/(deficit)	1,196,549,803	646,304,415	1,842,854,218
<b>Accumulated adjustments</b>			
Adjustments on Receivables	4,776,664	-	4,776,664
Adjustments on current liabilities	(193,917)	(796,169)	(990,085)
<b>Balance at the end of the year</b>	<b>1,964,419,721</b>	<b>668,685,357</b>	<b>2,609,927,968</b>

**4.5. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

Component	Revised budget	Actual amount	Variance	Performance
	Frw	Frw	Frw	%
	(A)	(B)	C=(A-B)	D=(B/A)*100
<b>Revenue</b>				
Transfers from other Government Reporting entities	1,532,142,029.31	1,515,662,293.51	16,479,735.80	99%
Other revenue	1,296,799	1,296,799	0	100%
Foreign exchange gain	75,404,318.80	75,404,318.80	0	100%
<b>Total Revenue</b>	<b>1,630,531,482</b>	<b>1,614,051,746</b>	<b>16,479,736</b>	<b>99%</b>
<b>Payments</b>				
Goods and services	344,969,862.66	555,428,399.92	(210,458,537.26)	161%
Other expenses	476,312,971.05	306,584,463.69	169,728,507.36	64%
<b>Total payments</b>	<b>821,282,833.71</b>	<b>862,012,863.61</b>	<b>(40,730,029.90)</b>	<b>104%</b>
<b>Acquisition of non-financial assets</b>				
Capital expenditure	227,761,479.68	84,046,132.40	143,715,347.28	37%

**Explanation of variances:**

**Use of Goods and Services:** There was unexpected changes in the costs of transport and accommodations of Center leaders and invited academic staff from school of ICT who were currently promoted in academic ranks.

**Other expenses:** Some planned trainings did not take place due to the process of applying for international accreditation at Agency for Quality Assurance through Accreditation of Study Programs (AQAS). It is planned to conduct the program review together addressing the comments provided by experts of AQAS.

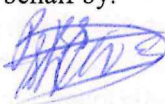
**Acquisition of non-financial assets:** The Center established IoT laboratories in partnership with Rochester Institute of Technology (RIT). The equipment were successfully delivered at the Center. But the invoice of the last phase of equipment delivered was issued after the end of Financial Year 2021-2022.

**AFRICAN CENTRE OF EXCELLENCE IN INTERNET OF THINGS (ACE-IoT)**  
**AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Authorization Date:**

The Financial Statements were approved by **African Center of Excellence in Internet of Things (ACE-IoT)** management and was signed on its behalf by:

**Prepared by: BAGABE Godfrey**  
Project Accountant

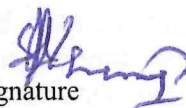


Signature

9/12/2022

Date

**Reviewed by: KANAMUGIRE P. Maurice**  
UR SPIU Ag. Director of  
Finance

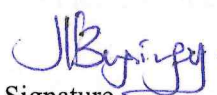


Signature

9/12/2022

Date

**Checked by: BUGINGO Immaculate**  
UR SPIU Coordinator



Signature

09/12/2022

Date

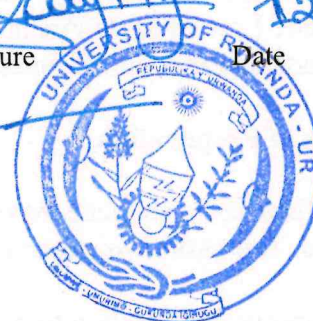
**Approved by: Françoise Kayitare Tengera**  
Chief Budget Manager



Signature

12/12/2022

Date



#### 4.6. NOTES TO THE FINANCIAL STATEMENTS

##### 1. 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 Chief Budget Manager on 30<sup>th</sup> June 2022.

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 Financial Statements have been prepared by ACE-IoT pursuant to Articles 67 of the Organic Law on State Finances and Property of 2013 that requires the public entity to prepare the monthly and annual financial statements.

##### 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 primary and secondary schools public entities shall maintain their books of account on a modified accrual basis of accounting. The primary and secondary schools affiliated to the decentralized 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 accounts 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 recognized 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 recognized as revenue when loan repayments are received from the students.

### **Reporting periods**

The Government of Rwanda Fiscal Year runs from 1<sup>st</sup> July to 30<sup>th</sup> June. These financial statements cover the period “1<sup>st</sup> July 2021 to 30<sup>th</sup> June 2022”. The comparative figures reflect the 12 months ended 30<sup>th</sup> June 2021.

### **Key assumptions and judgements**

These financial statements, as a component of the Government consolidated financial statements, reflect the Government’s financial position as at 30<sup>th</sup> June 2022, 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:

#### **a. 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 30<sup>th</sup> June 2022.

**b. 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.

**c. 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 International Public Sector Accounting Standards (IPSAS)*, 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 standard recognizes that during the migration, some assets and liabilities are complex and a fair presentation may not be achieved within the three years following the first adoption of the migration and hence provides for exemption relating to fair presentation.

In this regard and basing on the exemption relating to fair presentation provided in paragraphs 33 to 62 of IPSAS 33, the following items of assets and liabilities will not be recognized on the face of financial statements under the current modified accrual basis of accounting. Instead those will be disclosed as important disclosures until those assets are fully identified, registered in appropriate registers and its value can be determined reliably.

The main disclosures shall include;

- a) Inventories (IPSAS 12, *Inventories*);
- b) Investment property (IPSAS 16, *Investment Property*);
- c) Property, plant and equipment (IPSAS 17, *Property, Plant and Equipment*);
- d) Defined benefit plans and other long-term employee benefits (IPSAS 39, *Employee Benefits*);
- e) Biological assets and agricultural produce (IPSAS 27, *Agriculture*);
- f) Intangible assets (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 (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*

- **Tax revenue**

Tax revenues are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received.

Rwanda Revenue Authority is the principal revenue collector of Government revenue mainly in form of taxes. Local governments have also been allowed to collect certain forms of taxes within their area of jurisdiction, with the RRA also entrusted to collect some of the tax revenue on them be.

Tax on revenue is further sub-categorized as follows:

- a) Taxes on Income, Profits or Capital Gains;
- b) Taxes on Property Income;
- c) Taxes on goods and services; and
- d) Taxes on international trade and transactions.

- **Social contributions**

These are contributions received by RSSB for pensions, RAMA and CBHI during the period.

- **Fines, penalties and licenses**

These are non-tax revenue collected by Rwanda Revenue Authority and other Government Agencies. They are recognised when cash underlying the fee, fine, penalty or licence is received.

- **Grants**

Grants are transfers received by government units, from other resident or non-resident government units or international organizations that do not meet the definition of a tax, subsidy, or social contribution. This include current and capital transfers received from foreign Governments, international organizations.

- **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.

- **Other income**

These are other revenue not classified in other classes of revenue. This include claims from insurance and guarantees seized.

***b) Revenue from exchange transactions***

- **Property income**

Property income is the revenue receivable in return for putting financial assets and natural resources at the disposal of another unit. Revenue in this category may take the form of interest, distributed income of corporations, investment income, and rent. Distributed income of corporations includes dividends, withdrawals of income from quasi-corporations, and reinvested earnings on foreign direct investment. Investment income includes property income from investment income disbursements, and holders of investment fund shares.

- **Sales of goods and services**

Sales of goods and services consist of the sales by market establishments, administrative fees charged for services, incidental sales by nonmarket establishments, and imputed sales of goods and services. Sales of goods and services are recorded as revenue without deduction of the expenses incurred in generating that revenue.

An entity may receive revenue from sale of government property.

- 1) Disposal of tangible fixed assets;
- 2) Sale of inventories;
- 3) Sale of valuables;
- 4) Sale of non-produced assets;
- 5) Sale of financial assets – domestic (including repayments of advances and loans issued by government considering that the advances or loans are expensed when issued); and
- 6) Sale of financial assets – foreign.

- **Proceeds from sale of capital items**

This refers to the fees collected from the sale of Disposal of Tangible Fixed Assets Sale of Inventories Sale of Valuables, Sale of Non-Produced Assets, Disposal of Financial Assets – Domestic, Disposal of Financial Assets – Foreign.

Proceeds from sale of capital items are recorded as revenue without deduction of the expenses incurred in generating that revenue.

Revenue from exchange transactions shall be recognized on accrual basis.

***c) 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) Compensation of employees***

Compensation of employees is the total remuneration, in cash or in kind, payable to an individual in an employer-employee relationship in return for work performed by the latter during the reporting period.

Expenditure relating to compensation of employees is accounted for on an accrual basis and recognized in the books of accounts when an expenditure is incurred regardless of the time associated cash and cash equivalent are paid out.

Staff costs include salaries and wages, the costs of pensions and other employee benefits. Public sector pension scheme costs include current service costs and past service costs.

### ***b) 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.

### ***c) 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.

### ***d) Grants***

Expenditure relating to grants includes grants to international organisation and foreign governments, grants to subsidiaries etc. Grants 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.

### ***e) Finance cost***

Finance cost includes bank interest paid on borrowings which is 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.

***f) Subsidies***

Subsidies are current unrequited transfers that government units make to enterprises on the basis of the level of their production activities or the quantities or values of the goods or services they produce, sell, export, or import. Subsidies are receivable by resident producers or importers, and in exceptional cases, non-resident producers of goods and services. Subsidies may be designed to influence levels of production, the prices at which outputs are sold, or the profits of the enterprises. Subsidies include payable tax credits receivable by enterprises for these purposes. By the nature of subsidies, only government units incur an expense in this form.

***g) 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.

***h) Social assistance***

Social benefits are current transfers receivable by households intended to provide for the needs that arise from social risks—for example, sickness, unemployment, retirement, housing, education, or family circumstances. These benefits are payable in cash or in kind to protect the entire population or specific segments of it against certain social risks.

Social assistance is 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.

***i) Other expenses***

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

***j) 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.



***k) Social Benefits payments***

These are pensions, invoices for RAMA, CBHI paid by RSSB during the period.

**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) Receivables from non-exchange transactions long term**

These receivables include the receivables from taxes, receivables relating to on lending transactions, and other non-exchange transactions recoverable in more than 12 months.



**i) Investments in associates and joint ventures**

These Direct investments includes investments made by budget agencies.

**j) 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.

**k) Direct borrowing**

These direct borrowing includes borrowings contracted by budget agencies from financial institutions that are payable in more than 12 months.

**l) 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 30<sup>th</sup> June 2022.

**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) Related parties**

The Government regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over it, or vice versa. Members of key management are regarded as related parties and comprise the councillors, the executive committee members, the city manager, deputy city manager and senior managers.

**e) Contingencies**

The Public entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Public entity has no contingent assets.

**f) Notes to the statement of comparison of budget and actual amounts**

- The original budget for 2021/2022 was approved by the Parliament/ Commission council for Local Government. 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.

**AFRICAN CENTRE OF EXCELLENCE IN INTERNET OF THINGS (ACE-IoT)**  
**AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

- 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 2022	12 Months to 30 June 2021
		Frw	Frw
139112	Intra transfers from subsidiaries entities - Current	140,315,264.20	14,849,999.61
139214	Transfers Public Debt External Projects	1,375,347,029.31	
	<b>Total</b>	<b>1,515,662,293.51</b>	<b>14,849,999.61</b>

**3. Other revenue**

Account code	Description	12 Months to 30 June 2022	12 Months to 30 June 2021
		Frw	Frw
145	Miscellaneous and unidentified revenue	1,296,798.77	796,168.37
	<b>Total</b>	<b>1,296,798.77</b>	<b>796,168.37</b>

**4. Proceeds from borrowings**

Account code	Description	12 Months to 30 June 2022	12 Months to 30 June 2021
		Frw	Frw
1624	Loans - Foreign	0	535,453,012
	<b>Total</b>	<b>0</b>	<b>535,453,012</b>

**5. Use of goods and services**

Account code	Description	12 Months to 30 June 2022	12 Months to 30 June 2021
		Frw	Frw
2211	Office supplies and consumables	10,454,875.83	3,579,351.29
2214	Communication costs	12,550,849.15	6,406,978.29
2216	Bank charges and commissions and other financial costs	1,317,111.71	728,190.29
2217	Public relations and awareness	25,696,271.10	0
2221	Professional and contractual services	343,280,523.55	192,860,017.82
2231	Transport and travel	67,054,820.71	3,164,101.36
2241	Maintenance and repairs	4,789,737.26	
2261	Training costs	5,790,445.53	0
2271	Reagents and chemicals consumables	0	391,990.42
	<b>Total</b>	<b>470,934,634.84</b>	<b>207,130,629.47</b>



**6. Grants and other transfer payments**

Account code	Description	12 Months to 30 June 2022	12 Months to 30 June 2021
		Frw	Frw
2671	Intra transfers to University of Rwanda (UR)	0	9,448,550
<b>Total</b>		<b>0</b>	<b>9,448,550</b>

**7. Capital Expenditure**

Account code	Description	12 Months to 30 June 2022	12 Months to 30 June 2021
		Frw	Frw
2312	Acquisition of computer software	0.00	2,719,994.30
2313	Office Equipment, furniture and fittings	7,911,264.04	0.00
2314	ICT Equipment, Software and Other ICT Assets	2,199,991.39	2,192,912.85
2315	Other machinery and equipment	4,207,004.93	28,953,844.62
2381	Other investments(acquisition of lab & med Equip)	69,727,872.04	0.00
<b>Total</b>		<b>84,046,132.40</b>	<b>33,866,751.77</b>

**8. Other Expenses**

Account code	Description	12 Months to 30 June 2022	12 Months to 30 June 2021
		Frw	Frw
288102	Education non reimbursable Scholarship	123,200,020.69	94,760,009.34
288104	Students living allowance	181,078,858	150,089,329
288105	Students Trans Air Fairs	2,305,585	2,466,498
<b>Total</b>		<b>306,584,463.69</b>	<b>247,315,836.34</b>

**9. Foreign exchange gain/ (loss)**

Account code	Description	12 Months to 30 June 2022	12 Months to 30 June 2021
		Frw	Frw
145111	Gain of currency exchange and translations	87,794,102.29	108,542,117.44
221605	Loss on currency exchange and translations	(12,389,783.49)	(163,064.62)
<b>Total</b>		<b>75,404,318.80</b>	<b>108,379,052.82</b>

#### 10. Bank balances

ID account	Bank name	Account currency	Account Number	Amount in foreign currency	Exchange rate	Balance as at 30 June 2022	Balance as at 30 June 2021
						<b>Frw</b>	<b>Frw</b>
311522	BK	Frw	100022295076			352,901,200	214,196,791.00
311393	BNR	USD	1000038071	2,371,275.55	1,024.48257101964	2,429,330,472.06	1,718,077,394.81
311423	BK	USD	100022295157	34,799.79	1,024.48257101964	35,651,772.59	30,864,192.39
<b>Total</b>						<b>2,817,883,444.65</b>	<b>1,963,138,378.20</b>

Note that out of **Frw 388,552,973** that was deposited on ACE-IoT accounts in B.K as at 30 June 2022, **Frw 352,511,200** was subsequently deposited on term deposit account with annual interest of 11%.

#### 11. Accounts receivable

Account code	Debtor's name	Balance as at 30 June 2022	Balance as at 30 June 2021
		<b>Frw</b>	<b>Frw</b>
3121	Accounts receivable - Third parties		
	TWESIGYE Geoffrey	316,409	316,409
	IRAMBONA Oscar	286,409	286,409
	ITANGUKWISHATSE Mathieu	1,271,628.99	1,271,628.99
	NIYIGENA Issa	-	266,409
	MUKAMANA Jacqueline	-	100,000
	NIZEYIMANA Jean de Dieu	-	300,000
	Receivable from UR-CST(Registration fees)	270,000	270,000
	<b>Total</b>	<b>2,144,446.99</b>	<b>2,810,856.99</b>

#### 12. Accounts payable

Account code	Creditor's name	Balance as at 30 June 2022	Balance as at 30 June 2021
		<b>Frw</b>	<b>Frw</b>
4121	Accounts Payables -Third parties	186,922,813.70	1,529,512.85
	<b>Total</b>	<b>186,922,813.70</b>	<b>1,529,512.85</b>

#### 13. Accumulated opening balance

Account code	Description	12 Months to 30 June 2022	12 Months to 30 June 2021
		<b>Frw</b>	<b>Frw</b>
511101	Bank and cash equivalent opening balance	1,963,138,378.20	1,829,826,826.55
511102	Receivables opening balance	2,810,855.99	3,972,223.10
511103	Payable opening balance	(1,529,513.19)	(36,118,733.57)
<b>Total</b>		<b>1,964,419,721.00</b>	<b>1,797,680,316.08</b>

**14. Adjustments made during the period**

<b>Description</b>	<b>For the year ended 30 June 2022</b>	<b>For the year ended 30 June 2021</b>
	<b>Frw</b>	<b>Frw</b>
Adjustments on accounts receivable	0	4,736,664.04
Adjustments on accounts payable	796,168.37	286,276.00
<b>Total</b>	<b>796,168.37</b>	<b>5,022,940.04</b>

## 15. IMPORTANT DISCLOSURES

### 15.1. Breakdown of inventory of supplies and consumables

Description	Balance as at 30 June 2021	Additions	Consumed /disposed of	Balance as at 30 June 2022
	Frw	Frw	Frw	Frw
Consumable stores	5,642,030	68,801,327	11,675,967	57,280,288
Maintenance materials	285,424.00			-
<b>Total</b>	<b>5,927,454</b>	<b>68,801,327</b>	<b>11,675,967</b>	<b>57,280,288</b>

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

Code	Categories	Opening balance 30 June 2020		Acquisition of assets		Disposed of/Transferred		Total gross carrying amount	
		Value	Number	Value	Number	Value	Number	Value	Number
		Frw		Frw				Frw	
341	Office Equipment	2,024,998		12,118,269				14,143,267	-
342	ICT Equipment	96,035,370		2,199,991				98,235,361	-
344	Laboratory equipment			69,727,872				69,727,872	-
	<b>Total</b>	<b>98,060,368</b>	<b>-</b>	<b>84,046,132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182,106,500</b>	<b>-</b>

## **DETAILED AUDIT FINDING**



## 5. REVIEW OF ACCOUNT RECEIVABLE

### 5.1. Long outstanding receivable balances not yet recovered

#### Observation

Article 33 of the Ministerial order n° 001/16/10/TC of 26/01/2016 relating to financial regulations states that the Chief Budget Manager of a public entity is responsible for management of receivables and other amounts due to the public entity including maintaining proper records for follow up and recovery of outstanding amounts.

Review of Project books of account revealed long outstanding receivable balance of **Frw 2,144,447**. The balance related to living allowance paid wrongly to students in January and February 2020 by the project while they were receiving the same living allowance from HEC.

Further review revealed that on 08 September 2020, the project wrote a letter to these students requesting them to pay back the money not later than 30 June 2021. However, only **Frw 872,814** was subsequently recovered, leaving an amount of **Frw 1,271,633** that was yet to be recovered up to the time of audit in October 2022. In addition, there was no evidence of any follow up made after 30 June 2021 to recover the outstanding balance.

#### Risk

Failure to make follow up increases the risk of having bad debts and this may lead to loss of the Project funds.

#### Recommendation

The UR-ACEIoT management should make follow up to recover the above balances without further delay.

#### Management comment

*The Centre Management made a follow up and was able to recover Frw 872,814 from 3 students. The remaining amount of Frw 1,271,633 is due from one student, Mr ITANGISHAKA Mathieu, who failed to pay on time as per his initial commitment. Meanwhile he has been prohibited to defend his thesis before paying back and consequently he has requesting to be granted the chance of making the second commitment on how he will pay back.*

**AFRICAN CENTRE OF EXCELLENCE IN  
INTERNET OF THINGS (ACE-IoT)**

**COMPLIANCE AUDIT REPORT ON  
EXPENDITURE**

**For the year ended 30 June 2022**

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## **1. INTRODUCTION**

### **1.1 Project background**

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 objective**

The objective of the project is to support the recipient to strengthen selected eastern and southern African higher education institutions in the recipient's territory to deliver quality post-graduate and build collaborative research capacity in the regional priority areas.

### **1.3 Duration and funding summary**

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

Source of funds	Commitment	Cumulative amount received to 30 June 2022	Cumulative amount received to June 2022	Undrawn balance to June 2022	*Undrawn balance to June 2022
	(A)	(B)	(C)	D=(A)-(B)	E=(D*1,024.482)
	(in USD)	(in USD)	(in Frw)	(in USD)	Frw
<b>Loan</b>					
World Bank	5,500,000	4,682,408.94	4,264,610,350	816,358.25	836,344,332.7
<b>Total</b>	<b>5,500,000</b>	<b>4,682,408.94</b>	<b>4,264,610,350</b>	<b>816,358.25</b>	<b>836,344,332.7</b>

*\*Undrawn balance of USD as on 30 June 2022 was translated into Frw using BNR the average exchange rate that existed on 30 June 2022 which is 1USD=Frw 1,024.482.*

Below are details of amount received from World Bank up to 30 June 2022:

Received date	Amount received in USD	Exchange rate(Buying)	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
24/06/2021	86,766.87	990.667093	85,957,083
19/10/2021	1,301,537.07		1,289,389,946
<b>Total</b>	<b>4,682,408.94</b>		<b>4,264,610,350</b>



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**1.4 Basic information of the project**

Project Name	African Center of Excellence in Internet of Things (ACE-IoT)														
Project Number	Credit Number 5796-RW														
Line Ministry of the project	MINEDUC														
Funding sources	The project’s total funding over the project lifetime is as below. <table><tr><td>Source of funds</td><td>Amount in foreign currency</td><td>Amount in local currency</td></tr><tr><td></td><td>USD</td><td>Frw</td></tr><tr><td>Loan</td><td>5,500,000</td><td>4,294,592,275</td></tr><tr><td>Total</td><td>5,500,000</td><td>4,294,592,275</td></tr></table> <i>Using average exchange rate as at 17/6/2016 as the date of project signature: 1USD = 780.834959Frw</i>			Source of funds	Amount in foreign currency	Amount in local currency		USD	Frw	Loan	5,500,000	4,294,592,275	Total	5,500,000	4,294,592,275
Source of funds	Amount in foreign currency	Amount in local currency													
	USD	Frw													
Loan	5,500,000	4,294,592,275													
Total	5,500,000	4,294,592,275													
Project Start Date:	The project approval date is <b>26 May 2016</b> The project signature of agreement date is <b>17 June 2016</b> The project effectiveness date is <b>30 September 2016</b>														
Project End Date:	The project expected completion date <b>31 December 2023</b> The project last disbursement date <b>30 June 2023</b>														
Project Manager	The project manager is <b>Dr. Damien HANYURWIMFURA</b>														
Project Sponsor/ Funder	World Bank														
The project objective	The objective of the project is to support the recipient to strengthen selected eastern and southern African higher education institutions in the recipient’s territory to deliver quality post-graduate and build collaborative research capacity in the regional priority areas.														
Strategic goals 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 enrol 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 Canter for Theoretical Physics, Italy.														
Project components and activities	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.														
Physical address	College of Sciences and Technology, Domiciled in Nyarugenge District, Rwanda														
Implementing agency	University of Rwanda														

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**1.5 Project achievements**

S/n	Disbursement Linked Indicator (DLI)	Disbursement Linked Results (DLRs)	Target for the year	Achievements for the year	Comments
1	DLI #2 : Excellence in Education and Research capacity and development impact	#2.2: Newly enrolled students in the ACE-IOT	PhD: 0 MSc: 30 Short course: 15	PhD: 9 MSc: 29 Short course: 35 About the short course:  a) In partnership with JICA, the ACE-IoT organized a training of 6 Months to professionals in ICT Human Resource Initiative for Business Development.  b) In partnership with Coventry University, the ACE-IoT, ACE-ESD, EAIFR organized summer school event to train professionals on applications of IoT in Energy	A) The ACE-IoT reached to overall project target of PhD students. In FY 2021-2022, the Center enrolled 9 PhD students. Among them, 6 are sponsored under an agreement between ACE-IoT and PASET. The other three students are private/self-sponsored PhD students. B) The Center enrolled 29 (19 M & 10 F) from 6 Nationalities: Rwanda, Tchad, DRC, Kenya, Malawi and Tanzania. C) The Center trained 16 professionals in partnership with JICA and 19 professionals during summer school
2		#2.3: Accreditation of quality of education programs.	Two (2) Masters or Two (2) PhD programs of ACE-IOT submitted for international accredited.	The two Master programs and two PhD programs are in progress of getting international accreditation. The ACE-IoT is working with an internationally recognized accrediting agency based in Germany called AQAS	The ACE-IoT selected the Agency for Quality Assurance through Accreditation of Study Programs (AQAS) as a best accrediting agency of its programs. It is based in Germany. Then it started working together where the Center submitted a self-assessment report to AQAS.  From 2 to 5 May 2022 the Center received a team of Experts from AQAS for on-site visit to assess the programs delivered by ACE-IoT



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					for the International accreditation. Currently, the Center is working on the comments received from AQAS in the process of getting international accreditation of its programs.
3		<b>#2.4:</b> Collaboration and partnerships for applied research and training	One (1) MoUs & contract agreement signed	One (1) Memorandum of Understanding was signed. On the 30 September, 2021, the MoU was signed between Kwame Nkrumah University of Science and Technology (KNUST) and University of Rwanda, on behalf of both African Center of Excellence in Internet of Things and African Center of Excellence in Energy for Sustainable Development (ACE-ESD).	For the implementation of the signed MoU, from 19 <sup>th</sup> to 21 <sup>st</sup> May 2022, a team of researchers from Kwame Nkrumah University of Science & Technology (KNUST) paid a courtesy visit to ACE-IoT & ACE-ESD to explore different collaboration areas under an existing signed MoU.
4		<b>#2.5:</b> Peer-reviewed journals papers or peer-reviewed conference papers.	Fifteen (15) peer-reviewed papers published	37 publications. From July 2021 to June 2022, the ACE-IoT published 37 research papers in internationally recognized peer-reviewed journal and international peer-reviewed conferences.	The publications of the Center are available on the link of Center's website
5		<b>#2.6:</b> Faculty, PhD and Masters' students' exchanges to promote regional research and teaching.	Ten (10) academic staff, PhD & Masters' students facilitated for conducting exchanges	47 Exchanges were conducted. The ACE-IoT facilitated two exchanges programs of Center staff and 45 students of the Center.	a) The ACE-IoT facilitated One (1) research assistant to conduct an exchange program at State University of Zanzibar to get expertise in drones operationalization. b) The Center facilitated an exchange of capacity building for the monitoring and Evaluation officer c) A PhD student conducted an exchange program of three Months at Bremen University, Germany;

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					d) The Center facilitated 44 Masters Students in the second cohort to conduct exchange programs in different public and private institutions.
6		#2.7: External revenue generation	USD \$ 55,000	The ACE-IoT generated \$ 814,026 from different grants won and administrative fees from students.	<p>This DLR is already achieved by the Center and the funds allocated to #2.7 are disbursed.</p> <p>For strengthening the means of generating external income, on the 15th March, 2022, both ACE-IoT and ACE-ESD organized a joint workshop chaired by the Principal of CST. The workshop brought together its partners to discuss strategic innovations and activities and get ideas that can be applied to sustain both center after WB funds.</p>
7	DLI #3: Timely, transparent and institutionally reviewed Financial management.	<p>DLR #3.1. : Timely withdrawal application supported by financial reporting on the ACE account for the period.</p> <p>#3.2. : Functioning Audit Committee under the University Council</p> <p>#3.3: Functioning internal audit unit for the University</p> <p>#3.4: Transparency of financial management (Audit reports,</p>	All requirements of Financial management results of the fiscal year 2021-2022 to be achieved at 100%	All requirements of the fiscal year 2021-2022 were achieved 100%.	During the Fiscal Year 2021-2022, the ACE-IoT submitted for verification the required financial management results related to FY 2019-2020. After a successful verification of the results in DLI#4, the Center made an application for withdrawal, and the linked disbursement reached ACE-IoT bank account in November 2021. The requirements of financial management of FY 2020-2021 are in process of withdrawal. The remaining disbursement related to FY 2021-2022 are in progress and expected to be met by December 2022.



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		interim financial reports, budgets and AWP, are all web accessible)			
8	DLI#4: Timely, and audited procurement Timely and audited Procurement	DLR #4.1: Timely procurement audit report. #4.2: Timely and satisfactory procurement progress report.	All requirements of timely and transparent procurement results of the fiscal year 2021-2022 to be achieved at 100%	All requirements of the fiscal year 2021-2022 were achieved 100%.	During the Fiscal Year 2021-2022, the ACE-IoT submitted for verification the required procurement results related to FY 2019-2020. After a successful verification of the results in DLI#4, the Center made an application for withdrawal, and the linked disbursement reached ACE-IoT bank account in November 2021. The requirements of procurement of FY 2020-2021 are in process of withdrawal. The remaining disbursement related to FY 2021-2022 are in progress and expected to be met by December 2022.

### 1.6 Project management

The project management who held the office during the year ended 30 June 2022 and to the date of this report were 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	Center Accountant

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**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 30<sup>th</sup> September of the following fiscal year.

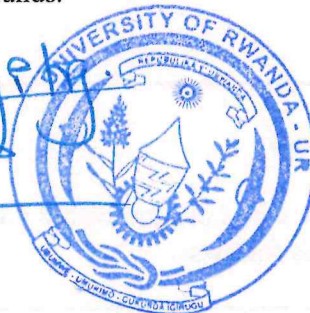
Article 19 of the Organic Law N° 12/2013 further stipulates that the Chief Budget Manager is responsible for maintaining accounts and records of the budget agency, preparing reports on budget execution, managing revenues and expenditures, preparing, maintaining and coordinating the use of financial plans, managing the financial resources for the budget agency effectively, efficiently and transparently, ensuring sound internal control systems in the budget agency and safeguarding the public property held by the budget agency.

As Chief Budget Manager, I accept responsibility for complying with all the provisions of the Organic Law, applicable public financial management regulations and other laws relating to public finance in incurring expenditure and managing the financial resources for **African Centre of Excellence in Internet Of Things (ACE-IoT)** effectively, efficiently and transparently as determined by Article 19 of the Organic Law N° 12/2013 of 12/09/2013 on State Finances and Property.

In my opinion, for **African Centre of Excellence in Internet Of Things (ACE-IoT)** complied with all applicable laws, regulations and guidelines in incurring expenditure and I further confirm that financial resources were managed effectively, efficiently and transparently to enable the realization of value for money for public funds.

Signature: \_\_\_\_\_

**Françoise KAYITARE TENGERA**  
Deputy Vice Chancellor for Finance  
University of Rwanda



Date: \_\_\_\_\_

December 12th 2022

### **3. REPORT OF THE AUDITOR GENERAL**

#### **REPORT ON COMPLIANCE**

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

#### **3.1 Opinions**

In accordance with the Article 165 of the Constitution of the Republic of Rwanda of 2003 revised in 2015, and Articles 6 and 14 of Law N° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I carried out a compliance audit on whether **African Center of Excellence in Internet of Things (ACE-IoT)** complied with applicable laws, regulations, guidelines and realized value for money in incurring expenditure for the year ended 30 June 2022 evaluated against the compliance with laws, regulations and guidelines regulating public expenditure. The evidence obtained is sufficient and appropriate to provide a basis for my opinion that **African Center of Excellence in Internet of Things (ACE-IoT)** complied in all material respects, with applicable laws, regulations, guidelines and realized value for money in incurring expenditure. The opinions I expressed are described below:

##### **3.1.1 Qualified opinion on compliance with applicable laws, regulations and guidelines regulating public spending**

In my opinion, based on audit work performed, except for the effect of the matter described in the *Basis for qualified opinion* section 3.2.1 of my report paragraph (1) below, **African Center of Excellence in Internet of Things (ACE-IoT)** complied, in all material respects with applicable laws, regulations and guidelines regulating public spending in incurring expenditure for the year ended 30 June 2022.

##### **3.1.2 Unqualified opinion on realization of value for money in utilization of public funds**

In my opinion, based on audit work performed, **African Center of Excellence in Internet of Things (ACE-IoT)** realized value for money in utilization of public funds for the year ended 30 June 2022.

#### **3.2 Basis for opinions**

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of, **African Center of Excellence in Internet of Things (ACE-IoT)** and have fulfilled my ethical responsibilities in accordance with the ethical requirements that are relevant to my audit of public entities as determined by the Code of ethics for International Organization of Supreme Audit Institutions (INTOSAI). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions on whether the entity complied with applicable laws, regulations and guidelines regulating public spending and realized value for money in incurring expenditure.



**3.2.1 Basis for Qualified Opinion on compliance with applicable laws, regulations and guidelines regulating public spending**

**REVIEW OF COMPLIANCE WITH PROCUREMENT PROCEDURES IN INCURRING EXPENDITURE**

**(1) Lengthy delay to award tender for hiring a consulting firm to develop African Centers of Excellence (ACEs) sustainability strategic plans with their associated annexes**

As highlighted in the previous audit report, the tender of hiring a consulting firm to develop ACEs (ACE-ITLMS, ACE-ESD, ACE-IoT and ACE-DS) sustainability strategic plans with their associated annexes was previously entitled, tender for hiring a Consultant to develop a business plan.

The tender was initially planned for the year ended 30 June 2020. However, up to the time of audit in October 2022, **three (3)** years have elapsed without being awarded. The tender was not successful for three time due to lack of interested bidders. This was mainly because of unrealistic budget that was estimated without making market survey or benchmarking to attract interest of bidders.

According to the Technical and Advisory Meeting conducted in June 2022 by the World Bank, the program implementation unit is considering to use direct contract method through head-hunting. However, though on 3 November 2022, the University of Rwanda appointed members of headhunting team, no timeline was established to guide the acceleration of the headhunting process to ensure the tender is awarded before the Project funding ends. It is worth noting that project will close on 31 December 2023.

Therefore, delay to award tender for consultancy service implies that ACE-IoT is delaying to get strategic guidance including how to generate income for future sustainability after the project funding. As the project will close on 31 December 2023, if the tender is not accelerated there is risk that the funding will end before the tender is awarded. Hence, the intended objective of the Center may not be achieved as initially envisaged. *Refer to section 5.1.1.*

**3.3 Management's responsibility for compliance**

The Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property specifies that management of **African Center of Excellence in Internet of Things (ACE-IoT)** is responsible for ensuring compliance with all the provisions of the Organic Law, applicable public financial management regulations and other laws relating to public finance, to manage economically, effectively, efficiently and in a transparent manner, all the public funds in accordance with relevant legal provisions.



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**3.4 Auditor General's responsibility for compliance**

Article 166 of the Constitution of the Republic of Rwanda of 2003 as revised in 2015, requires the Auditor General to confirm that:

- Expenditure incurred was necessary and in conformity with the laws and regulations in force and sound management;
- Controls to safeguard the receipt, custody and proper use of public funds were put in place and that the laws and regulations in force were duly observed to prevent misappropriation of public funds; and
- **African Center of Excellence in Internet of Things (ACE-IoT)** 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.

**KAMUHIRE Alexis  
AUDITOR GENERAL**

KIGALI.....*15<sup>th</sup> December*.....**2022**



#### **4. DESCRIPTION OF THE SUBJECT MATTERS AND SCOPE**

In accordance with the mandate vested in the Office of the Auditor General under Article 165 of the Constitution of the Republic of Rwanda of 4 June 2003, revised in 2015, and Articles 6 and 14 of Law N° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I carried out a compliance audit on whether the **African Center of Excellence in Internet of Things (ACE-IoT)** complied with laws, regulations and guidelines regulating public spending in incurring expenditure for the year ended 30 June 2022. I also evaluated whether **African Center of Excellence in Internet of Things (ACE-IoT)** realized value for money in utilization of public funds for the year ended 30 June 2022.

##### **4.1 Audit objective**

Article 166 of the Constitution of the Republic of Rwanda of 2003 as revised in 2015 and article 6 of Law N° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the OAG, require the Auditor General to confirm that:

- Expenditure incurred was necessary and in conformity with the laws and regulations in force and sound management;
- Controls to safeguard the receipt, custody and proper use of public funds were put in place and that the laws and regulations in force were duly observed to prevent misappropriation of public funds; and
- **African Center of Excellence in Internet of Things (ACE-IoT)** acquired and utilized human, material and financial resources economically, efficiently and effectively to prevent squandering of public funds.

I conducted compliance audit to confirm whether **African Center of Excellence in Internet of Things (ACE-IoT)** 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° 62/2018 of 25/08/2018 governing public procurement;
- Law N° 86/2013 of 11/09/2013 establishing the general statutes for public service;
- Law N° 003/2016 of 30/03/2016 governing maternity leave benefit scheme;
- Law N° 016/2018 of 13/04/2018 establishing taxes on income;
- Law N° 37/2012 of 09/11/2012 establishing the value added tax;



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- Presidential order N° 144/01 of 13/04/2017 determining modalities for recruitment, appointment and nomination of public servants;
- Presidential Order N° 46/01 of 26/07/2011 governing modalities for the recruitment, appointment and nomination of public servants;
- Prime Minister's Order N° 121/03 of 08-09-2010 establishing the procedures of performance appraisal and promotion of public servants;
- Ministerial Order N° 002/20/10/TC of 19 May 2020 establishing regulations on public procurement;
- Ministerial Order N° 03/MIFOTRA/15 of 09/06/2015 determining modalities for recruiting contractual staff in public service;
- Ministerial order N°001/14/10/TC of 19/02/2014 establishing regulations on public procurement, standard bidding documents and standard contracts;
- Loan agreement N°5796RW signed between Government of Rwanda and International Development Association(IDA) and related Project implementation plan;
- Performance and financing agreement regarding the provision of proceeds of IDA credit for Eastern and Southern Africa Higher Education Centers of Excellence-ACEII (Credit N°.5796RW);
- Eastern and South Africa Higher Education Centers of Excellence-ACEII Customized Project Operational Manual.

#### **4.2.2 Realization of value for money in utilization of public funds**

- Ministerial Order N° 001/16/10/TC of 26/01/2016 relating to financial regulations;
- Contracts signed between **African Center of Excellence in Internet of Things (ACE-IoT)** and the suppliers/contractors.

#### **4.2.3 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. The methods used for gathering audit evidence are explained below:

*Inquiries:* This method of gathering audit 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.

## **DETAILED AUDIT FINDINGS PER SUBJECT MATTER**



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

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

During the year ended 30 June 2022, the audit reviewed four tenders with contracts amounting to **Frw 304,499,500**. From the tenders reviewed, the audit noted that one tender out of four reviewed representing 25% did not comply with procurement procedures as summarized in the table below:

Number of tenders audited (A)	Number of tenders with irregularities(B)	% of tenders that did not comply with procurements laws and regulations (C=B/A)
4	1	25%

*See appendix 1 showing key tenders audited*

The following weakness was noted in relation with procurement procedures:

**5.1.1. Lengthy delay to award tender for hiring a consulting firm to develop African Centers of Excellence (ACEs) sustainability strategic plans with their associated annexes**

**Observation**

As highlighted in the previous audit report, the tender of hiring a consulting firm to develop ACEs (ACE-ITLMS, ACE-ESD, ACE-IoT and ACE-DS) sustainability strategic plans with their associated annexes was previously entitled, tender for hiring a Consultant to develop a business plan.

The tender was initially planned for the year ended 30 June 2020. However, up to the time of audit in October 2022, **three (3)** years have elapsed without being awarded. The tender was not successful for three time due to lack of interested bidders. This was mainly because of unrealistic budget that was estimated without making market survey or benchmarking to attract interest of bidders.

According to the Technical and Advisory Meeting conducted in June 2022 by the World Bank, the program implementation unit is considering to use direct contract method through headhunting. However, though on 3 November 2022, the University of Rwanda appointed members of headhunting team, no timeline was established to guide the acceleration of the headhunting process to ensure the tender is awarded before the Project funding ends. It is worth noting that project will close on 31 December 2023.

**Risks**

Delay to award tender for consultancy service implies that ACE-IoT is delaying to get strategic guidance including how to generate income for future sustainability after the project funding. As the project will close on 31 December 2023, if the tender is not accelerated there is risk that

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the funding will end before the tender is awarded. Therefore, the intended objective of the Center may not be achieved as initially envisaged.

**Recommendations**

UR-ACEITLMS management should give guidance on how the procurement process of the tender through head hunting, can be fast-tracked and ensure it is awarded to the competent consulting firm by complying with all tendering procedures as recommended by the Technical and Advisory Meeting conducted by the World Bank team. Afterwards, the available funds should be prudently invested in revenue generating activities in accordance with the developed sustainability strategic plan.

**Management comments**

*Due to the nature of the tender i.e. rare skills in areas of Internet of Things; Data Science Energy for Sustainable Development; Innovative Mathematics and Science; the procurement process through open competition has not been successful for 3 times. The last attempt failed on 25th May 2022.*

*The challenges were reported by the UR ACEs during the ACEs Technical Advisory Meeting (TAM) that took place in June 2022. It was recommended that the African Centres of Excellence use Single Source or Direct Contracting through head hunting. A number of letters were shared to indicate the process that UR has been going through to have procurement process concluded; they include: A letter of 20 July 2022 with REF: DVC -FIN/0293/2022 requesting the support from the World Bank to develop Sustainability plans for ACEs. The feedback that UR received on the same from the World Bank on 2<sup>nd</sup> August 2022 whereby the World Bank responded that their Technical and Procurement team is ready to work with respective teams at UR and the Centers of Excellence to review the Terms of reference. This was done. They further advised the University of Rwanda/Centers of Excellence could reach out to the Inter-University Council of East Africa (IUCEA) as the regional facilitation unit in charge of coordinating implementation of the ACE II project across all participating countries and seek support in identifying potential firms or consultants that UR could include in the short list.*

*Terms of reference were submitted to the World Bank on 4<sup>th</sup> August 2022 and the feedback was provided on 26 August 2022. The IUCEA was contacted on 30<sup>th</sup> August 2022 unfortunately they said they do not have a database.*

*The task team to identify firms to work on Sustainability and Business Plans for four ACEs was appointed on 3<sup>rd</sup> November 2022. The assignment is progressing well.*

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**6. STATUS OF IMPLEMENTATION OF PREVIOUS AUDIT  
RECOMMENDATIONS**

**Observation**

Article 69 of the Organic Law N° 12/2013/OL of 12 September 2013 on State Finances and Property states the Chief Budget Managers shall be responsible for implementing the recommendations of the Auditor General of State Finances aimed at improving the effective management and use of public funds.

Contrary to this provision, an assessment of the status on the implementation of previous audit recommendations revealed that **50%** of the audit recommendations made in the previous audit were implemented and the **50%** of the audit recommendations were partially implemented. See the summary in the table below:

Description	Number
1. Total number of findings raised in the previous report for the year ended 30 June 2021	2
2. Total number of recommendations not applicable for the period ended 30 June 2022	0
3. Total number of recommendations applicable at the time of current audit	2
4. Number of recommendations that have been fully implemented as at time of current audit	1
5. Number of recommendations that have been partially implemented as at time of current audit	1
6. Number of recommendations not implemented as at time of current audit	-
7. Percentage of previous recommendations fully implemented $[\text{no.4}/(\text{no.3})]*100$	<b>50%</b>
8. Percentage of previous recommendations partially implemented $[\text{no.5}/(\text{no.3})]*100$	<b>50%</b>
9. Percentage of previous recommendations not implemented $[\text{no.6}/(\text{no.3})]*100$	-

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

**Risk**

Non-implementation of some of the previous audit recommendations results in persistence weaknesses in internal control systems and management of public funds and therefore the desired improvements may not be realized.

**Recommendation**

UR-SPIU/ACE-IoT Management should ensure that proper action plan for implementation of current and prior year audit recommendations is put in place and followed up to ensure full implementation of audit recommendations as soon as practicable.

**Management comment**

*The center management team will ensure that all recommendations are fully implemented. Detailed action plan for implementation of current and prior year audit recommendations will be put in place and followed up closely to ensure full implementation of audit recommendations.*

## **APPENDICES**



**AFRICAN CENTRE OF EXCELLENCE IN INTERNET OF THINGS (ACE-IoT)  
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**Appendix 1: Key tenders audited**

S/n	Description of the tender	Nature of the tender	Procurement method used	Contractor/ Successful bidder	Contract /Planned amount
1	Supply of equipment to develop a smart bee hive for research at the UR-ACE IoT	Goods	National Competitive Bidding	GARDEN STAR SERVICES Ltd	Frw 3,995,000
2	ACQUISITION OF EQUIPMENT TO SET UP THE IOT LABORATORIES (collaboration agreement with RIT)	Goods	Single Source	Rochester institute of Technology	255,000 USD
3	Hiring an individual consultant to develop sustainability and business plans for ACE IoT	Consultant Services	National Competitive Bidding	Not awarded	Frw 20,000,000
4	Supply and installation of equipment to establish Artificial intelligence Lab. for research at ACE IoT	Goods	National Competitive Bidding	Not awarded	Frw 25,000,000

**Appendix 2: Implementation status for prior year's audit recommendations**

No	Observation and recommendation	Recommendation implemented	partially implemented	Recommendation not implemented
A.	COMPLIANCE AUDIT REPORT			
	REVIEW OF COMPLIANCE WITH PROCUREMENT PROCEDURES IN INCURRING EXPENDITURE			
1.	<p>Concerns over a tender for hiring consulting firm to develop African Centers of Excellences (ACEs) sustainability strategic plans with their associated annexes</p> <p>Observations</p> <p>➤ Long delay noted in awarding tender of hiring consulting firm to develop ACEs Sustainability strategic plans with their associated annexes</p> <p>Concerns noted during the prior year audit</p> <p>The tender of hiring consulting firm to develop ACEs (ACE-ITLMS, ACE-ESD, ACE-IoT and ACE-DS) sustainability strategic plans with their associated annexes was previously entitled, tender for hiring a</p>	✓	<p>Up to the time of audit in November 2022, this tender was yet to be awarded. Though on 3 November 2022, the University of Rwanda appointed members of headhunting team, no timeline was established to guide the acceleration of the headhunting process to ensure the tender is awarded before the Project</p>	.

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No	Observation and recommendation	Recommendation implemented	Recommendation partially implemented	Recommendation not implemented
	<p>Consultant to develop a business plan. It was planned but was not awarded during the previous year ended 30 June 2020 due to the fact that the terms of reference were not adequately designed.</p> <p><b>Concerns noted during the current audit</b></p> <p>During the year under review, it was noted that the tender was re- advertised 2 times (on 15/01/2021 and 02/04/2021). However, the project did not obtain the qualified bidder to be awarded the tender as the first ranked consultant, MTI consulting group withdrew his bidding documents from tendering process and the second ranked had high financial offer compared to the budget.</p> <p>On 3 December 2021, the Public Tender Committee (ITC) recommended to cancel this tender due to the mentioned reason and recommended to the user department to have a deep market survey and revise the budget allocated to this activity prior to the tender re-advertisement and also to seize the bid security of MTI consulting group.</p> <p>Therefore, the procurement process of this tender has taken 2.5 years so far and this has an impact on the realisation of the intended objective as this business plan would give guidance to Centers of Excellence (ACEs) in Rwanda to ensure their sustainability after the project funding period.</p> <p>➤ <i>Failure to provide the basis to determine the budgeted amount of the tender</i></p> <p>The audit did not obtain the basis to estimate the budgeted amount such as market survey or benchmarking as this is evidenced by the significant variance between the planned cost of the tender and the offers submitted by the bidders.</p> <p>The above irregularities are attributable to lack of proper guidance by the project management in the tendering process and inadequate planning and budgeting of that tender.</p> <p>➤ <i>Documents related to the cancellation of that tender not posted in e-procurement system</i></p> <p>Article 17 of Law N°62/2018 of 25/08/2018 governing public procurement states that any communication relating to public procurement is made through e-procurement system. However, other forms of communication are temporally accepted if any user encounters problems in using the e-procurement system. The concerned user immediately communicates using the e-procurement system when the problem is resolved.</p>	<p><i>funding ends. Refer to section 5.1.1 of compliance audit report.</i></p>		

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No	Observation and recommendation	Recommendation implemented	partially	Recommendation not implemented
	<p>In case pre-tender meeting or on site visit is necessary, the substance of discussions and clarifications must be written down and posted to the e-procurement system. All information to be provided in relation to public procurement must be provided within five (5) working days after it has been requested. For communication of information, the use of electronic address is mandatory unless it is impossible, in which case the information is provided as already explained in this Law.</p> <p>Contrary to the requirement above, the audit noted that documents such as vetting report, letter from MTI Consulting Firm withdrawing his bid in tendering process and the cancellation letter of the tender were not posted to the e-procurement system.</p> <p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>• UR management should undertake market survey or benchmarking on this tender that will serve for planning the realistic cost of the tender.</li> <li>• UR management should give guidance on this tender and ensure that the process to award the tender is accelerated to award it to the competent consulting firm by complying with all tendering procedures.</li> <li>• Going forward, UR management should ensure that all documents related to any tender are posted to e-procurement for future reference.</li> </ul>			
	<b>Total</b>	<b>1</b>		<b>0</b>