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## **Analysis of the Auditor General's reports of the decentralized entities for the fiscal year that ended 30th June, 2016**



Supported by



**Analysis of the Auditor General's reports of the decentralized entities for the fiscal year that ended 30th June, 2016**

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of the decentralized entities for the fiscal  
year that ended 30th June, 2016**



## Acknowledgement

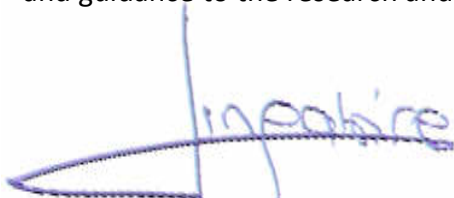
The Government of Rwanda has progressively realized impressive achievements in the fight against corruption in the last fifteen years. Its political will in fighting corruption is particularly noticeable in Public Finance Management (PFM). Several public institutions – including the Office of the Auditor General (AG) – have been established to play a leading role in reinforcing transparency in the management of public funds.

The government's determination to combat corruption manifests itself in the fact that suspects are apprehended and held accountable for their actions. It is in the context explained above that Transparency International Rwanda (TI-RW), in line with its mission of “promoting good governance and fighting against corruption through enhancing integrity values in the Rwandan society”, analyses the annual Auditor General's Reports, focusing on the decentralized entities, to better understand the challenges, create dialogue spaces around the identified issues and come up with actionable recommendations to contribute to improve PFM in 30 districts and the City of Kigali.

With the unswerving support from GIZ's Good Governance and Decentralization Program, TI-RW has again been able to analyze the causes of financial and non-financial weakness identified in the Auditor General's reports of decentralized entities for the financial year ending 30 June 2016.

I would like to take this opportunity on behalf of TI-RW to express my sincere appreciation to all those institutions and individuals who made this analysis possible. Among them are the German Development Cooperation (GIZ) who provided the necessary funding and the technical support, the Ministry of Local Government (MINALOC) and the Ministry of Finance and Economic Planning (MINECOFIN) and districts' staff who helped us to access the required data.

Furthermore, I want to express my thanks to the research team under the coordination of Mr. Albert Rwego Kavatiri, TI-RW's programme manager who coordinated the research milestones. Last but not least, I want to thank TI-RW's Executive Director, Apollinaire MUPIGANYI, who provided the necessary support and guidance to the research and the quality assurance of the final report.



**Marie Immaculée Ingabire**

**Chairperson of Transparency International Rwanda**

## Executive Summary

Transparency International Rwanda (TI-RW) considers the monitoring of public financial management (PFM) as part of its mission to prevent corrupt behavior and improve horizontal and vertical accountability amongst the institutions in Rwanda. In this perspective, TI-RW provides an analysis of the Office of Auditor General's (OAG) audit reports of all the Rwandan districts and the City of Kigali. This edition is the fifth of its kind and takes into account the audit reports of the fiscal year (FY) 2015-16. It is intended to serve a broad audience including the Rwandan public, stakeholders of public finance and local government.

As part of the analysis, all weaknesses identified by the auditors are categorized as either expenditure related (**fully and partially unsupported, wasteful, fraudulent and overstated expenditures as well as payments made to non-existent staff**) or non-expenditure related (**non-respect of laws and procedures, poor bookkeeping and posting errors**).

In this year's edition, TI-RW has also aggregated and consolidated data on **idle funds and assets** identified by the OAG auditors. As another innovation, all identified weaknesses were assigned to thematic categories and were disaggregated by the institution concerned. Thus, it is possible to indicate which programs, sectors, types of infrastructures etc. are most affected by PFM weaknesses. In addition, the analysis includes a detailed analysis of recommendations issued in the previous fiscal year that were provided according to their implementation status, to their difficulty level and their link to weakness categories. The quantitative data compiled is complemented by primary data collected through five focus group discussions (FGDs) at district level and ten key informant interviews at district and national level.

Compared to the previous fiscal year, a tremendous overall increase of the monetary value of PFM weaknesses of the Districts identified by the auditors can be observed. **The total amount of all weaknesses has more than tripled from 27.26 billion RWF in FY 2014-15 to 99.57 billion RWF in FY 2015-16.** Only 4% of these weaknesses are related to expenditures, such as unsupported, wasteful, fraudulent or overstated expenditures. The remaining 95% are made up of non-expenditure related weaknesses, such as poor bookkeeping, posting errors and the non-respect of laws and procedures. Furthermore, a number of cross-cutting issues that affected districts' PFM in various weakness categories were identified: Irregularities in **public procurement** amount to the monetary value of 24.4 billion RWF (24% of all identified weaknesses). This is almost six times as much as in the last FY (4.2 billion RWF). Closely related to procurement issues, **delayed or abandoned construction works** of public projects amount to another 14.4 billion

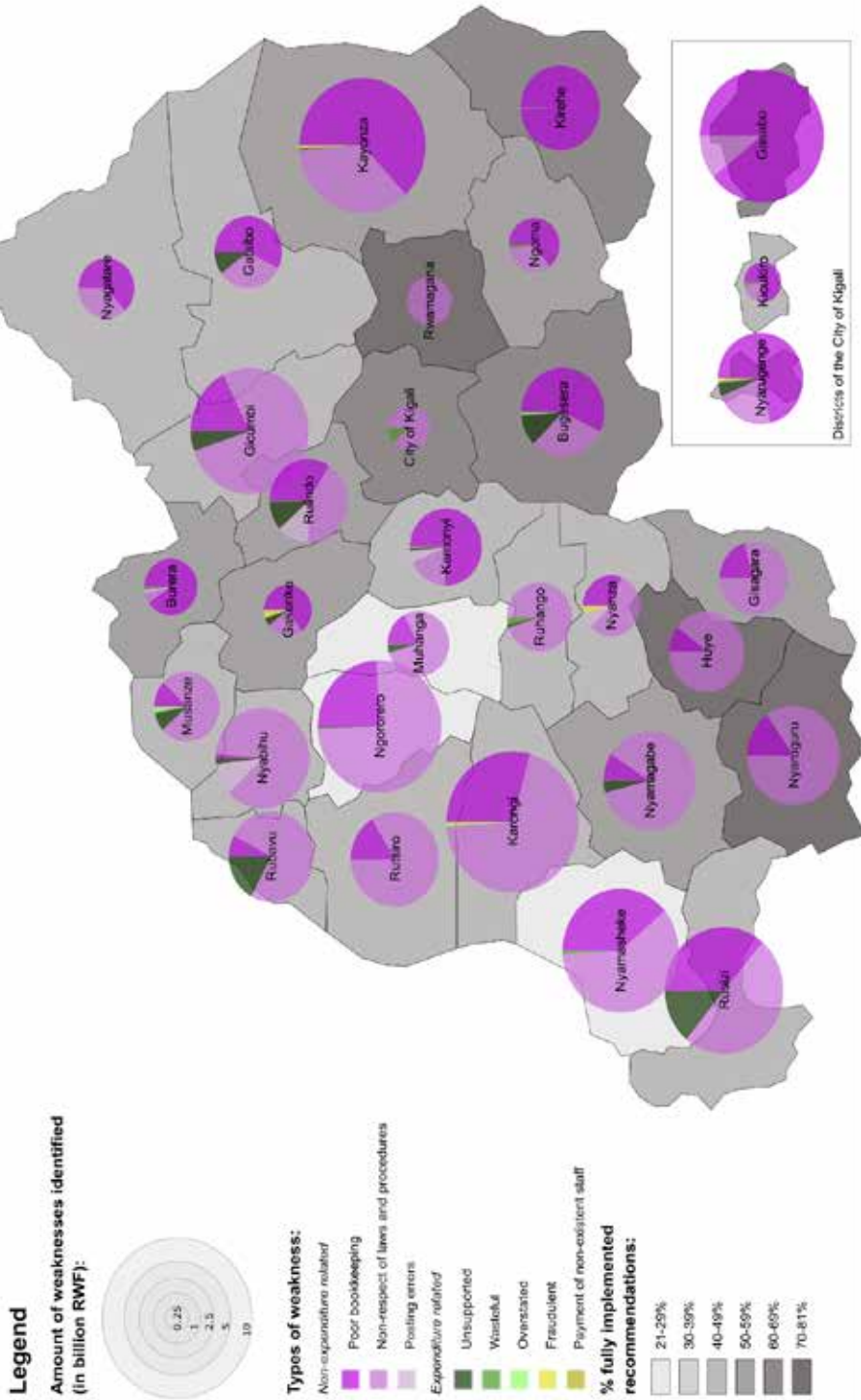
RWF (15% of all weaknesses). Issues related to the **Vision 2020 Umurenge Programme (VUP)** – mostly due to unrecovered loans and unutilized funds – add up to 12.2 billion RWF. Furthermore, the OAG auditors identified issues with Districts’ investments in **provincial investment corporations** (8.2 billion RWF), with the **handover of the mutual health insurance** (6.7 billion RWF) from the Districts to the Rwanda Social Security Board (RSSB) and with an **insufficient cooperation and information sharing on tax revenues** between Districts and the Rwanda Revenue Authority (RRA, 3.8 billion RWF).

In the FY 2015-16, 1.07% of all expenditures of the 30 districts and the City of Kigali have been queried by the auditors. Though this proportion has slightly increased compared to the last FY, it can be assumed that a considerable amount of weaknesses still remains undetected.

There is only little reason to believe that decentralized entities that have managed to implement a higher proportion of audit recommendations are more likely to witness less increase in the amount of weaknesses. There is only modestly robust evidence for a very weak positive correlation between the implementation of audit recommendations and performance in PFM for non-expenditure related weaknesses.

Based on the findings, TI-RW issues recommendations in order to address some challenges identified. The districts are urged to recruit experienced staff for Non-Budget Agencies (NBAs), ensure close collaboration between district staff and councilors and provide training to relevant staff (on accounting software, contract management, laws and procedures). MINECOFIN, MIFOTRA and MINALOC are requested to support the implementation of the Interim Financial Guidelines for Sectors (n° 2738/13/10/NB of July 8<sup>th</sup>, 2013), to strengthen coordination and implementation of a PFM capacity building project, to take responsibility of coordinating central government projects’ implementation in districts and to support e-procurement and external oversight by the public and by civil society. Resources and capacities should be put in place to allow the OAG to better detect wasteful and fraudulent expenditures. Mandated institutions (Ministry of Justice and its affiliated institutions namely National Public Prosecution Authority, Rwanda National Police) to double efforts to ensure assets recovery of misappropriated public funds.

Figure 1: Overview of the volume of weaknesses and level of recommendations implementation per District





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## List of abbreviations and acronyms

ACCA	Association of Chartered Certified Accountants
CIA	Chartered Internal Auditors
CoK	City of Kigali
DGG	Decentralization and Good Governance Programme
EDPRS-2	Economic Development and Poverty Reduction Strategy 2
EPIC	Eastern Province Investment Corporation
FGDs	Focus Group Discussions
FY	Financial Year
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoR	Government of Rwanda
IFMIS	Integrated Financial Management Information System
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
NBAs	Non-Budget Agencies (Subsidiary Entities)
NPPA	National Public Prosecution Authority
OAG	Office of the Auditor General
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
RRA	Rwanda Revenue Authority
RSSB	Rwanda Social Security Board
RWF	Rwandan Francs
SACCO	Saving and Credit Cooperative
SPIC	Southern Province Investment Corporation
TI-RW	Transparency International Rwanda
VUP	Vision 2020 Umurenge
WESPIC	Western Province Investment Corporation



## 1 Introduction

The Government of Rwanda (GoR) recognizes the importance of good Public Financial Management (PFM) as a precondition to achieving the objectives of the second Economic Development and Poverty Reduction Strategy (EDPRS-2) and Vision 2020. The PFM Reform Strategy for 2008-2012 was implemented successfully. Subsequently, the GoR developed a new PFM Sector Strategic Plan (2013-2018) and committed itself to its implementation to ensure an *“efficient, effective and accountable use of public resources as a basis for economic development and poverty eradication through improved service delivery”*.

Despite the GoR’s efforts and investments in improving PFM at all levels, it has been noticed, that PFM still remains a challenge at the level of decentralized entities and the City of Kigali (CoK). Since 2012, Transparency International Rwanda (TI-RW) analyses the expenditure- and non-expenditure related weaknesses of decentralized entities that are highlighted in the Auditor General’s reports.

Given the success of the previous work done by TI-RW in terms of analysing the causes of financial and non-financial weaknesses identified in the Auditor General’s reports of decentralized entities for the previous years, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) renewed its cooperation with TI-RW to analyse the OAG’s reports on the financial and non-financial weaknesses of decentralized entities for the FY 2015/2016.

The scope of this assignment is the data collection and analysis of 31 Auditor General’s reports of decentralized entities. In this regard, the assignment contributes to a regular monitoring of GIZ programme “Decentralization and Good Governance” (DGG):

Module Indicator 2: M2. “Reduction in overall local expenditures queried by the Office of the Auditor General – Rwanda (OAG) in relation to the overall District expenditures”.

Intervention Field 2, Indicator 2: B2. “The proportion of implemented recommendations for local financial authorities at the District level arising from all audits has increased by an average of 60%”.

The objective of this particular assignment is to collect and analyse data from the OAG's reports of decentralized entities for the Fiscal Year that ended June 2016. The results of the analysis shall later be used for:

- Serving as a basis to increase the understanding and transparency of the OAG's reports towards the public as well as Local Government officials;
- Providing reliable information to DGG's monitoring system;
- Evidence-based information for the steering of local PFM activities of the DGG programme and all other local PFM key stakeholders;
- Preparing DGG for policy uptake discussions with the relevant stakeholders with active participation of TI-RW.



## 1.1 Methodology

For this report, the following data were used: (1) quantitative data compiled from the AG reports of the districts and (2) qualitative data from FGD and key informant interviews to support the findings from our analysis. Data collected are classified in two main categories namely financial and non-financial weaknesses of the expenditures as outlined below.

As part of the analysis, all weaknesses identified by the auditors are categorized as either expenditure related (fully and partially unsupported, wasteful, fraudulent and overstated expenditures as well as payments made to non-existent staff) or non-expenditure related (non-respect of laws and procedures, poor bookkeeping and posting errors). In this year's edition, TI-RW has also aggregated and consolidated data on idle funds and assets identified by the OAG auditors. As another innovation, all identified weaknesses were assigned to thematic categories and were disaggregated by the institution concerned. Thus, it is possible to indicate which programs, sectors, types of infrastructures etc. are most affected by PFM weaknesses. In addition, the analysis includes a detailed analysis of recommendations issued in the previous fiscal year that were provided according to their implementation status, to their difficulty level and their link to weakness categories. The quantitative data compiled is complemented by primary data collected through five focus group discussions (FGDs) at district level and ten key informant interviews at district and national level.

### Complaints categorization

The first step of the analysis was to categorize complaints in expenditure and non-expenditure related weaknesses from the 31 decentralized entities. Table 1 below presents the type of expenditure and non-expenditure related weaknesses/categories that were analysed for each of the concerned 31 decentralized entities. Each weakness identified was also categorized thematically and according to the related subsidiary entity or programme.

The purpose of the categorization is to determine the likeliness of different types of recommendations to lead to immediate PFM performance improvements of the decentralized entities. The results that indicate the level of implementation of recommendations of different categories for each decentralized entity will be compared with the performance in each weakness category for the respective decentralized entity. This allows to identify correlations between implementation

of recommendations and performance for different thematic types of recommendations.

The categorization of recommendations by difficulty allows for a better understanding of the decentralized units' different levels of implementation. This will be achieved by comparison of the decentralized entities' respective level of implementation of recommendations and the overall difficulty of the recommendations issued.

**Table 1: Definitions of weakness categories**

<b>Expenditure related weaknesses</b>	
Unsupported expenditure	Absence of supporting document to justify the expenditure
Wasteful expenditure	Expenditures which could have been avoided including expenditure for unplanned and unnecessary activities such as fines, penalties, etc.
Overstated expenditure	Expenditures where the amount is erroneously recorded, exceeding the amount due. This could be a transposition error of sums or any other record resulting in a registered amount exceeding the amount actually spent.
Fraudulent expenditure	In the context of this analysis, 'fraudulent expenditure' involves unlawful transfer of the ownership of District assets to one's own personal use and benefit
Payment to non-existent staff	Payment of wages and salaries to ghost employees
<b>Non-expenditure related weaknesses</b>	
Non-respect of laws and procedures	Remarks on non-compliance with existing laws and procedures of public financial management
Poor bookkeeping	Accounting errors that refer to no entry of financial data, inconsistent usage of accounting method, lack of reconciliation of books with bank statements, incomplete or lack of inventor, lack of accurate records and poor filing system; failure to make taxes payable entries to the books of accounts, yet taxes has been duly deducted.
Posting errors	Accounting errors that refer to entries from books of original/prime entry to wrong accounts in the ledger and sometimes to wrong sides of the accounts.
<b>Idle assets/funds</b>	
Assets/funds that are not being used/utilised, severely underused or used for a purpose other than the intended one.	



## 2 Background information on PFM in Rwanda

### 2.1 Brief description of PFM in Rwanda

The GoR has made remarkable progress in its PFM system as evidenced in the Public Expenditure and Financial Accountability (PEFA) Assessment Report of Rwanda (2016)<sup>1</sup>. This can mainly be explained that the GoR has strengthened the capacity in PFM skills and knowledge across government agencies, both on central and local government levels.

Notable improvements have been recorded in the entire PFM cycle through the implementation of the EDPRS II<sup>2</sup>, which identified four priority areas in the PFM sector for the period 2013 - 2018. The priority areas are:

- i) Increased resource mobilization from domestic and alternative sources of finance, with the objective of meeting increased public expenditure and making Rwanda progressively self-reliant;
- ii) Scaling-up of the implementation of the Integrated Financial Management Information System (IFMIS);
- iii) Strengthening PFM systems at the sub-national level including decentralized entities and subsidiary units (sectors, schools, health facilities) to support fiscal decentralization service delivery;
- iv) Enhanced training, professionalization and capacity building across all PFM disciplines to sustain the reforms in the long run. Monitoring and evaluation mechanisms to track progress and service delivery to clients.

The scaling up of the implementation of IFMIS has now been integrated in some Non-Budget Agencies (NBAs) at sub-national level such as in hospitals. In the near future, further sectors and other NBAs will also be integrated into IFMIS for effective and efficient PFM systems. It is worth noting that the assessment conducted through PEFA (2016) indicates that *“MINECOFIN and the Central Bank have embarked on an initiative to create an automatic link between the IFMIS and the Central Banking System that will ensure that data is shared between the two systems so that bank reconciliations can be carried out on a more regular basis.”*<sup>3</sup>

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<sup>1</sup> Rwanda Public Expenditure and Financial Accountability (PEFA) Assessment 2016, pp 8.

<sup>2</sup> Government of Rwanda, 2013; Economic Development Poverty Reduction Strategy II, Kigali, Rwanda; pp 89.

<sup>3</sup> Rwanda Public Expenditure and Financial Accountability (PEFA) Assessment 2016, pp 77.

According to the previous analyses by TI-RW<sup>4</sup>, unrecorded transactions of NBAs account for almost 90% of the total amount of PFM weaknesses. They have surged up from about **RWF 102 billion in FY 2013-14 to RWF 222 billion in FY 2014-15**, thus became individual District weaknesses heavily distorting the picture of the decentralized entities' PFM performance.

However, the Art.113 of the Ministerial Order no 001/16/10/TC of 26/01/2016 states that the Chief Budget Manager of a decentralized entity shall ensure that the reports of all subsidiary entities, under its supervision, are summarized and included in the annex of main reports of the decentralized entity, as per the format issued by the office of Accountant General, for submission to the Ministry within deadlines specified by the Organic Law. Currently, decentralized entities are no longer required to consolidate the pharmacies' and District hospitals' accounting transactions with the districts' consolidated expenditures, even if these are using IFMIS. Their financial reports are rather supposed to be disclosed alongside with other subsidiary entities.<sup>5</sup>

In the attempt to enhanced professionalization and technical capacity across all PFM disciplines, efforts have been made to facilitate government accountants and internal auditors to obtain certification of the profession programmes such as Association of Chartered Certified Accountants (ACCA) and Certified Public Accountants (CPA), Chartered Internal Auditors (CIA) in the medium and in the short term, as well as the International Public Sector Accounting Standards (IPSAS) certificate and International Financial Reporting Standards (IFRS) certificate.<sup>6</sup>

## **2.2 Current status of PFM in decentralized entities of Rwanda**

In general, the status of PFM in public entities has been improved compared to the last year's audit. However, decentralized entities, Government Business Enterprises and Boards are an exception to this development as indicated in the report of the Auditor General of state finances for the year ended on 30 June 2016.<sup>7</sup> Out of 147 reports, 88 reports (60%) for public entities obtained

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<sup>4</sup> Analysis of the Auditor General's reports of the decentralized entities for the fiscal year that ended 30th June, 2015.

<sup>5</sup> Financial Year 2015/2016 end year closing procedures circular pp 14.

<sup>6</sup> MINECOFIN call for enrolment for professional qualification program, 2015.

<sup>7</sup> OAG, report of the auditor general of state finances for the year ended 30 June 2016.

unqualified audit opinions on their financial statements. This is an increase of 10% compared to last year, when 80 reports obtained unqualified audit opinions.

As mentioned above, the report reveals some PFM related weaknesses in decentralized entities, Government enterprises and Boards. They are mainly facing issues such as a lacking sense of value for money, delayed service delivery from public expenditure, weaknesses in contract management, increasing trend of idle assets and cases of wasteful expenditure.

Regarding the increasing cases of idle assets acquired by public entities, the Auditor General identified 92 cases of idle assets worth RWF 15,185,575,853 compared to RWF 7,920,352,319 in last years' annual report where most of these cases were attributed to a lack of proper needs-assessment to support the procurement plan. Surprisingly, 50% of idle assets, worth RWF 5,879,543,872 and reported in the previous annual report, were still idle at the time of the current audits.

While available data from the current Auditor General's report on disclosures made for NBAs show that a total of RWF 140,391,913,472 of internally generated revenue was omitted from the consolidated government revenue for the year ended 30 June 2016, a persistent low recoverability of VUP loans issued under the previous Umurenge SACCO (Saving and Credit Cooperative) Scheme was also observed between 2009 and 2016. The report indicates that by 30 June 2016, decentralized entities had recovered RWF 13,088,608,858 (60%) out of the total loans of RWF 21,802,476,356 issued under the old scheme from 2009 to 30 June 2015 with only RWF 621,228,977 recovered in the current year.

It is important to mention that there is an improvement in PFM in some decentralized entities as revealed by the current Auditor General's Reports. It states that *"Ngoma, Nyagatare, Rwamagana, Gisagara and Gakenke districts obtained an except for audit opinion on financial statements. Improvement was also noted in the District of Kirehe which obtained an except for opinion on compliance with laws and regulations. In addition, City of Kigali obtained unqualified audit opinion on financial statements with an except for opinion on compliance issues"*.<sup>8</sup>

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<sup>8</sup> Office of the Auditor General of State Finances, 2016: Report of the auditor general of state finances for the year ended 30 June 2016.

## 2.3 Financial Transactions of Non-Budget Agencies

As mentioned before, the Ministerial Order n° 001/16/10/TC of 26/01/2016 especially in its Art.113 states that the Chief Budget Manager of a decentralized entity shall ensure that the reports of all subsidiary entities, under its supervision, are summarised and included in the annex of the main report of the decentralized entity. This has to be done in accordance with the format issued by the Office of the Accountant General. It is therefore definite that the submission of these reports to the Ministry of Finance and Economic Planning must respect the deadlines specified by the Organic Law.

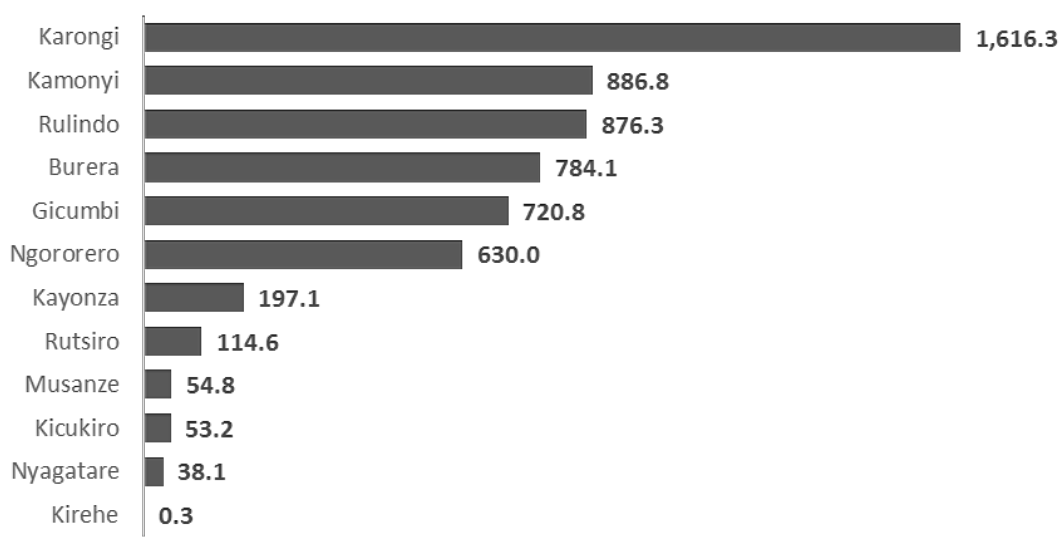
Once the District receives a financial report signed by the head of subsidiary entities, an internal review should be conducted by the accountant who is in charge of NBAs at District level. Once he/she is satisfied with the quality of information received, he/she should prepare a summary of these reports per subsidiary entity, containing the opening balances, transfers from decentralized entities, other revenues, total expenses, surplus or deficit, bank and cash balances, account receivables and accounts payables.

The decentralized entity discloses the summary financial results of the subsidiary entities under their control by way of notes to the annual financial statements. In principle, the figures reported by NBAs should be reconciled with some of those reported in District financial statements in order to avoid the discrepancies. However, this is not the case at the moment, because there are differences between the grants and transfers received by NBAs from different Districts.

The 2015-2016 AGR revealed unexplained difference between District grants and transfers to NBA and NBA revenues from District (million RWF) as shown in the figure below.

Overall, there is a discrepancy of 7 billion RWF between transfers from Districts to NBAs according to District expenditure and according to NBA revenues. While a substantial part of these discrepancies could be explained, the OAG identified a total amount of nearly RWF 6 billion of unexplained differences in transfers to NBAs in 12 Districts and about RWF 1.1 billion for other general NBA weaknesses as shown in tables 2 and 3.

**Figure 2: Unexplained differences between District grants and transfers to NBA and NBA revenue from Districts according to NBA (in RWF)**



**Table 2: Weaknesses related to NBA (in general) identified by OAG auditors by sub-category**

Weakness sub-category	Amount of weakness (in RWF)
Difference of grants and transfers according to District expenditure and according to NBA disclosure note	5,972,289,284
Reconciliation of closing and opening balances	954,199,830
Unsupported receivables and payables	127,370,570
Reconciliation (other)	15,116,233
Unsupported adjustments	13,763,564
Reconciliation with bank balance	8,157,121
<b>Grand Total</b>	<b>7,090,896,602</b>

While the unrecorded transactions of NBAs were considered as expenditure related weaknesses before the ministerial order n° 001/16/10/TC of 26/01/2016 was imposed, it is apparent that for the FY under review, all weaknesses mentioned above fall into the categories of either *Non-respect of laws & procedures* (RWF 652,209,116) or *Poor bookkeeping* (RWF 6,438,687,486) and are thus regarded as non-expenditure related weaknesses.

**Table 3: Weaknesses related to NBA (in general) identified by OAG auditors by District**

District	Amount of weakness (in RWF)
KARONGI	2,268,235,922
BURERA	1,101,497,530
KAMONYI	886,808,429
RULINDO	876,321,435
NGORORERO	757,332,391
GICUMBI	720,804,845
KAYONZA	197,125,640
RUTSIRO	114,559,006
MUSANZE	54,774,855
KICUKIRO	53,152,823
NYAGATARE	38,080,462
NYARUGURU	13,763,564
NYAMASHEKE	8,157,121
KIREHE	282,579
<b>Grand Total</b>	<b>7,090,896,602</b>

The observed discrepancy in grants and transfers from Districts to NBAs was discussed during the Focus Group Discussions (FGDs) with District staff. It emerged from the discussions that the reasons for these differences include insufficient capacity of NBAs staff in accounting. Probably, also the accountant in charge of NBAs at District level, lack capacity especially in recording financial transactions. Further, the lack of collaboration between the two levels (District and NBAs) in terms of review and analysis of NBA reports was mentioned. Notably, this is a breach of the said ministerial order, stipulating that once the District receives the financial report signed by the head of subsidiary entities, an internal review should be done by the accountant who oversees NBAs at District level.

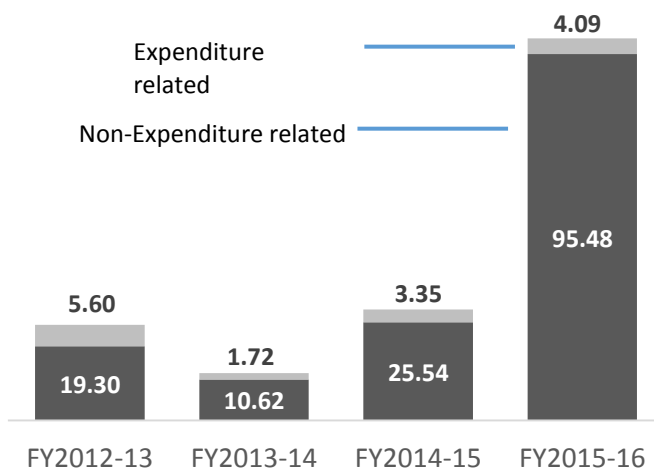


### 3 Analysis of the financial and non-financial weaknesses of decentralized entities for the FY 2015-16

This section analyses the expenditure and non-expenditure related weaknesses identified in the OAG reports of decentralized entities for the FY 2015-16.

Figure 3 shows that the total amount of weakness, in both categories, increased from RWF 28.9 in FY2014-15 to 99.6 billion in FY2015-16, which is a staggering increase of 245%. In the same period, the Districts' expenditure increased by 12.4% whereas the expenditure and non-expenditure related weaknesses increased respectively by 30% and 274%. However, only 1.07% of expenditures were queried compared to 0.93% for the last year.

**Figure 3: Amount of expenditure related and non-expenditure related weaknesses (billion RWF) over time<sup>9</sup>**



#### 3.1 Expenditure related weaknesses

Table 4 displays the expenditure related weaknesses for the FY under review as well as the percentage change of the weakness between the two previous FY. The data shown below reveal that only 12% of decentralized entities have been clean in terms of expenditure related weakness in the FY 2015-2016. The concerned entities include Gisagara, Huye, Kirehe and Nyaruguru Districts. However, Rusizi, Rubavu, Bugesera, Rulindo and Gicumbi were identified as the top five Districts leading the expenditure related weaknesses whereas Rutsiro, Nyagatare, Rwamagana, Gasabo and Burera Districts were the least affected.

<sup>9</sup> Inflation-adjusted: values converted to June 2016 RWF

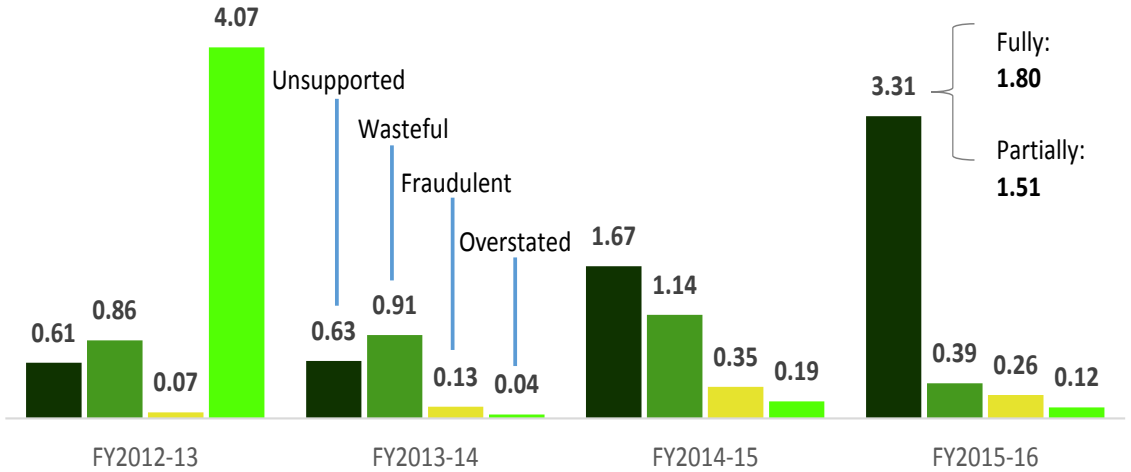
**Table 4: Expenditure related weaknesses**

N <sup>o</sup>	District Name	Weakness amount FY2014-15 (in RWF)	Weakness amount FY2015-16 excl. NBA (in RWF)	Percentage change	% of District Expenditure FY2014-15	% of District Expenditure FY2015-16
1	GISAGARA	0	0		0.00%	0.00%
2	HUYE	0	0		0.00%	0.00%
3	KIREHE	5,865,124	0	-100%	0.07%	0.00%
4	NYARUGURU	42,894,167	0	-100%	0.42%	0.00%
5	RUTSIRO	424,114,396	2,244,399	-99%	4.57%	0.02%
6	NYAGATARE	2,308,896	3,759,128	63%	0.02%	0.03%
7	RWAMAGANA	9,650,000	5,370,000	-44%	0.11%	0.05%
8	GASABO	78,486,867	9,247,028	-88%	0.52%	0.05%
9	BURERA	37,509,500	12,603,057	-66%	0.35%	0.10%
10	KICUKIRO	7,550,000	21,190,900	181%	0.08%	0.19%
11	NGORORERO	315,000,000	28,162,100	-91%	2.77%	0.19%
12	NGOMA	0	29,335,120		0.00%	0.26%
13	KAMONYI	9,358,262	39,551,562	323%	0.09%	0.38%
14	NYAMASHEKE	70,788,700	60,052,768	-15%	0.56%	0.45%
15	NYANZA	58,162,870	64,063,555	10%	0.61%	0.62%
16	NYABIHU	310,000,000	72,943,425	-76%	3.45%	0.70%
17	MUHANGA	1,301,150	73,180,174	5524%	0.01%	0.54%
18	KAYONZA	42,278,907	79,744,015	89%	0.40%	0.78%
19	COK	188,391,108	86,832,691	-54%	1.36%	0.85%
20	RUHANGO	2,256,700	93,726,867	4053%	0.02%	0.92%
21	KARONGI	40,081,132	95,668,368	139%	0.38%	0.71%
22	GAKENKE	0	103,596,250		0.00%	0.86%
23	NYAMAGABE	30,834,397	149,688,849	385%	0.27%	1.14%
24	GATSIBO	628,063,931	201,650,809	-68%	5.62%	1.76%
25	NYARUGENGE	60,901,490	209,816,324	245%	0.52%	1.55%
26	MUSANZE	9,110,000	220,368,126	2319%	0.08%	1.70%
27	GICUMBI	11,845,000	316,045,571	2568%	0.10%	2.33%
28	RULINDO	0	317,030,682		0.00%	2.21%
29	BUGESERA	602,606,817	385,264,414	-36%	5.38%	2.69%
30	RUBAVU	0	542,059,153		0.00%	4.32%
31	RUSIZI	167,387,614	870,925,559	420%	1.27%	5.81%
	<b>TOTAL</b>	<b>3,156,747,028</b>	<b>4,094,120,894</b>	<b>30%</b>	<b>0.93%</b>	<b>1.07%</b>

It is worth noting that in the FY 2014-2015 six Districts were not affected by expenditure related weaknesses compared to four Districts in the year under review. Only two of them (one third), namely Gisagara and Huye Districts, kept on the momentum. It is moreover noticeable that the percentage change of expenditure related weaknesses between the two consecutive financial years is higher in Rusizi and Rubavu than in other Districts.

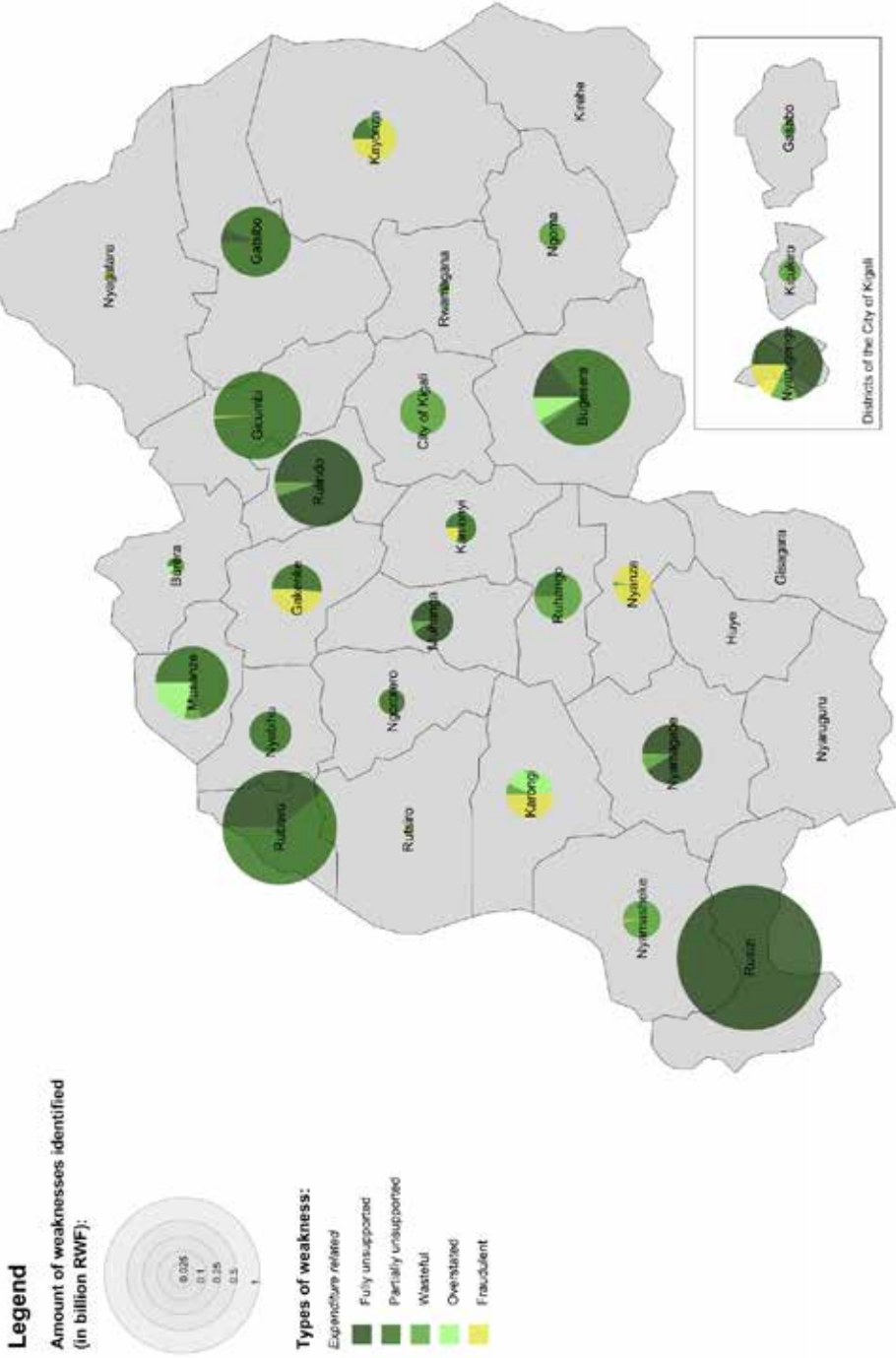
Overall, while the amount in all other expenditure weaknesses decreased, unsupported expenditure almost doubled (see figure 4). This is mainly due to unsupported expenditure in public procurement and in investments made by Districts

**Figure 4: Amount of expenditure weaknesses (billion RWF) over time<sup>10</sup>**



<sup>10</sup> Inflation-adjusted: values converted to June 2016 RWF

Figure 5: Overview of the volume of expenditure related weaknesses per District



### 3.1.1 Unsupported expenditures

The Auditor General's Report of the FY 2015-2016 reveals that 18 Districts have registered weaknesses in the category of unsupported expenditure while only six had the same complaint in the previous fiscal year, implying that the weaknesses mentioned above have worsen and even doubled in the year under review (from **RWF 1,575,407,944 to RWF 3,312,114,325**) (see Table 5). The main reason for this is that some Districts such as Rusizi, Rubavu, Bugesera and Rulindo were not able to provide relevant supporting documents for vast amounts while incurring expenditure. Unlike, Districts such as Burera, Kayonza, Ngororero, Nyabihu and Gatsibo have made efforts to reduce the volume of the amount of weaknesses on this indicator compared to the previous FY.

**Table 5: Unsupported expenditure by District**

N <sup>o</sup>	District Name	Fully unsupported exp. FY2015-16 (in RWF)	Partially unsupported exp. FY2015-16 (in RWF)	Unsupported expenditure FY2015-16 (in RWF)	Unsupported expenditure FY2014-15 (in RWF)
1	CITY OF KIGALI			0	188,391,108
2	RUTSIRO			0	300,000,000
3	NYANZA		530,040	530,040	0
4	BURERA		5,484,447	5,484,447	30,059,500
5	KAYONZA		15,000,000	15,000,000	42,278,907
6	RUHANGO		25,787,818	25,787,818	0
7	NGORORERO		28,162,100	28,162,100	315,000,000
8	KAMONYI		29,430,000	29,430,000	0
9	GAKENKE		53,709,000	53,709,000	0
10	MUHANGA	66,970,030		66,970,030	0
11	NYABIHU		72,943,425	72,943,425	310,000,000
12	NYAMAGABE	136,273,740		136,273,740	0
13	NYARUGENGE	147,836,375		147,836,375	0
14	MUSANZE		156,618,218	156,618,218	0
15	GATSIBO	13,181,821	188,468,988	201,650,809	389,678,429
16	RULINDO	300,922,082		300,922,082	0
17	GICUMBI		312,478,915	312,478,915	0
18	BUGESERA	51,800,000	293,532,614	345,332,614	0
19	RUBAVU	209,765,475	332,293,678	542,059,153	0
20	RUSIZI	870,925,559		870,925,559	0
	<b>TOTAL</b>	<b>1,797,675,082</b>	<b>1,514,439,243</b>	<b>3,312,114,325</b>	<b>1,575,407,944</b>

Table 6 below shows thematic categories of unsupported expenditure as identified by the 2015-2016 OAG report. Rusizi District took the lead in unsupported expenditure related to public procurement which is concerned mainly due to the technical assistance in various construction projects for which the contract was signed without any approved documents. Similarly, Rubavu District registered the same weakness as it was implicated in various construction projects without an approved documentation nor involvement of internal tender committees and additional works executed without prior approval of competent authority.

**Table 6: Unsupported expenditure by thematic category**

Thematic category	Fully unsupported (RWF)	Partially unsupported (RWF)	Total Amount (RWF)
Public Procurement	1,216,964,774	31,802,305	1,248,767,079
Other unsupported expenditure	13,181,821	657,566,121	670,747,942
Investment	66,970,030	300,000,000	366,970,030
Expropriation		366,476,039	366,476,039
Handover to RSSB	300,922,082		300,922,082
Schools	147,836,375		147,836,375
Biogas		53,709,000	53,709,000
Water supply	51,800,000		51,800,000
Direct support		29,430,000	29,430,000
Staff accommodation		28,162,100	28,162,100
Sports		26,500,000	26,500,000
Donor-funded activities		20,793,678	20,793,678
<b>Total</b>	<b>1,797,675,082</b>	<b>1,514,439,243</b>	<b>3,312,114,325</b>

With regard to unsupported expenditures related to investments, FGDs and interviews conducted revealed that Districts did not provide evidence on the payments made as shares subscribed for commitment to the Province Investment Corporation (WESPIC in Western Province, SPIC in South Province and EPIC in Eastern Province). The missing supporting documents include, but are not limited to, the minutes for the District council approving the investment, Memorandum of Understanding (MoU) and article of association and business plan. As argued by the participants in the FGDs in the concerned Districts, there is a lack of harmony between such investment led by provinces and the planning of Districts which makes it challenging for councillors to approve and sign the MoU and related documents.

Obviously, tables 6 and 7 indicate that District entities show the highest amount of unsupported expenditure related weaknesses in terms of public procurement, expropriation and investment.

**Table 7: Unsupported expenditure by entity/programme**

Type of entity/programme	Amount (RWF)
District	2,534,765,355
Provincial Investment Company	366,970,030
Hospital	300,922,082
Biogas	53,709,000
FARG	29,430,000
Sectors	26,317,858
<b>TOTAL</b>	<b>3,312,114,325</b>

### 3.1.2 Overstated expenditures

Six Districts were affected by overstated expenditure in the current year against 5 in the previous year. Interestingly, Bugesera District has repeatedly been affected by this complaint category since the FY 2013-2014, whereas Musanze, Gatsibo, Rutsiro and Muhanga were concerned by this weakness in the previous FY only (see table 8).

According to the 2015-2016 AGR report, Musanze District recorded slightly higher expenditure than the once in the books of account. . Here, overstatement comes from omission of expenses and wrong adjustments.

Similarly, Bugesera District expropriated a citizen for property that he did not even possess and to another one for eucalyptus trees on government land.

Compared to the previous FY, the overstated expenditures in Districts have overall decreased drastically from **RWF 279,520,315** to **RWF 122,000,882**.

**Table 8: Overstated expenditure by District**

N <sup>o</sup>	District Name	Amount FY2015-16 (RWF)	Amount FY2014-15 (RWF)
1	NYANZA	423,060	
2	KAMONYI	685,940	
3	BURERA	1,929,708	
4	BUGESERA	31,495,330	25,444,038
5	KARONGI	39,903,536	
6	MUSANZE	47,563,308	9,110,000
7	GATSIBO		130,096,451
8	RUTSIRO		113,568,676
9	MUHANGA		1,301,150
	<b>TOTAL</b>	<b>122,000,882</b>	<b>279,520,315</b>

The analysis of overstated expenditure by sub-category and per entity (see tables 9 and 10) shows that the Districts are responsible for overstating the expenditure mainly due to poor record keeping (case of Musanze District) and expropriation (case of Bugesera District).

**Table 9: Overstated expenditure by thematic subcategory**

Thematic subcategory	Amount (RWF)
Under-/Overstatement	87,466,844
Expropriation	31,495,330
Public Procurement	2,443,762
Salaries	594,946
<b>TOTAL</b>	<b>122,000,882</b>

**Table 10 : Overstated expenditure entity/program**

Entity/programme	Amount (RWF)
District	120,891,882
Hospital	685,940
Sectors	423,060
<b>TOTAL</b>	<b>122,000,882</b>

### 3.1.3 Wasteful expenditures

The analysis of the Auditor General Report of the FY 2015-2016 and that of 2014-2015 shows a considerable decrease (one third of reduction) in monetary terms associated to the wasteful expenditure in decentralized entities (see table 11). Despite the remarkable improvement, the AGR 2015-2016 also highlighted a number of complaints regarding wasteful expenditure. These include for instance:

- Incurring irregular expenditure resulting from the loss of court cases and penalties of late payment of taxes,
- incurring irregular expenditure for plaintiffs, arising from compensation in line with damages related to land etc.,
- ineligible expenditure due to unnecessary salary paid to some District staff,
- companies paid after the expiry of contract,
- incurring unnecessary expenditure for having demolished a citizen house illegally,
- Incurring unplanned cost related to additional costs of inadequate feasibility study report, etc.



**Table 11: Wasteful expenditure by District**

N <sup>o</sup>	District Name	Amount FY2015-16 (RWF)	Amount FY2014-15 (RWF)
1	GICUMBI	0	5,985,000
2	GATSIBO	0	181,348,942
3	KIREHE	0	5,865,124
4	NYARUGURU	0	42,894,167
5	RUTSIRO	0	10,545,720
6	RUSIZI	0	53,045,614
7	NYANZA	1,039,312	0
8	KAMONYI	2,474,122	9,358,262
9	BURERA	5,188,902	7,450,000
10	RWAMAGANA	5,370,000	9,650,000
11	MUHANGA	6,210,144	0
12	KARONGI	7,000,000	0
13	BUGESERA	8,436,470	577,162,779
14	GASABO	9,247,028	78,486,867
15	KAYONZA	10,058,049	0
16	NYAMAGABE	12,811,109	30,834,397
17	RULINDO	15,220,628	0
18	MUSANZE	16,186,600	0
19	KICUKIRO	21,190,900	7,550,000
20	NYARUGENGE	25,507,667	42,104,690
21	NGOMA	29,335,120	0
22	NYAMASHEKE	58,025,678	11,253,700
23	RUHANGO	67,939,049	0
24	City of Kigali	86,832,691	0
	<b>TOTAL</b>	<b>388,073,469</b>	<b>1,073,535,262</b>

It is apparent that in most cases wasteful expenditures are linked to a lack of personal commitment of staff, the lack of controlling laws and regulations in contract management, missing capacities of human resource management and taxation. These explanations were highlighted in all FGDs conducted with staff of the Districts.

As mentioned above, an assessment of wasteful expenditure by sub-category and per entity indicates that Districts and the CoK are accountable for incurring wasteful expenditure mainly due to legal suits, penalties and public procurement.

**Table 12: Wasteful expenditure by thematic subcategory**

Thematic subcategory	Amount (RWF)
Legal suits and penalties	340,715,407
Public Procurement	33,497,335
Ineligible expenditure	10,236,727
Loss due to death of cows (Girinka)	3,624,000
<b>TOTAL</b>	<b>388,073,469</b>

**Table 13: Wasteful expenditure by entity/programme**

Entity/programme	Amount (RWF)
District/CoK	384,449,469
Girinka	3,624,000
<b>TOTAL</b>	<b>388,073,469</b>

### 3.1.4 Fraudulent expenditures

The findings in table 14 indicate that the fraudulent expenditure has slightly decreased in monetary terms compared to the previous fiscal year. The following are fraudulent cases identified in the current FY by the Auditor General.

- In Nyamagabe District, some beneficiaries were given cows, yet they were not on the approved and validated list of the Girinka programme.
- In Nyanza District, the former Director of Finance embezzled an amount worth RWF 58,162,870 in the previous financial year and as of now the amount is not yet recovered.
- Again in Nyanza District, the direct support had been paid to 30 ineligible beneficiaries contrary to the direct support operational framework and procedure manual.
- In Kamonyi District, the funds meant for purchase of drugs (RWF 6,961,500) were transferred to a wrong bank account of the accountant of the district pharmacy.
- In Karongi District, the accountant of the District stole funds from the District bank accounts, worth RWF 48,764,832.

**Table 14: Fraudulent expenditure by District**

N <sup>o</sup>	District Name	Amount FY2015-16 (RWF)	Amount FY2014-15 (RWF)
1	GATSIBO		30,328,560
2	GICUMBI		5,860,000
3	NYAMASHEKE		59,535,000
4	RUHANGO		2,256,700
5	RUSIZI		114,342,000
6	NYAMAGABE	604,000	
7	KAMONYI	6,961,500	
8	NYARUGENGE	36,472,282	18,796,800
9	KARONGI	48,764,832	40,081,132
10	GAKENKE	49,887,250	
11	KAYONZA	54,685,966	
12	NYANZA	61,662,050	58,162,870
	<b>TOTAL</b>	<b>259,037,880</b>	<b>329,363,062</b>

The data shown in the tables 14 and 15 reveal that Districts and the CoK have the largest part of the total amount of weaknesses in the category of fraudulent expenditure queried by OAG in the FY under review, concerning the failure to recover stolen funds or embezzled in previous FYs.

**Table 15: Fraudulent expenditure by thematic subcategory**

Thematic subcategories	Amount (RWF)
Failure to recover stolen funds	254,934,700
Ineligible beneficiaries	2,890,000
No evidence of transfer	1,213,180
<b>TOTAL</b>	<b>259,037,880</b>

**Table 16: Fraudulent expenditure by entity/programme**

Entity/programme	Amount (RWF)
District/CoK	247,973,200
District Pharmacy	6,961,500
VUP	2,286,000
Ubudehe Program	1,213,180
Girinka	604,000
<b>TOTAL</b>	<b>259,037,880</b>

### 3.1.5 Payment to non-existent staff

The data in the table below suggest that there have been more payments to non-existent staff in the current fiscal year than in the previous one. Some cases of this malpractice are outlined below:

- In Nyanza District, the Executive Secretary resigned. However, he was paid the total salary, yet he only worked 20 days.
- In two respective budget exercises, the District of Nyamasheke paid salaries to 23 employees who no longer work for the District.
- In two respective budget exercises, the District of Rutsiro paid salaries to 18 employees who no longer work for the District.
- In two respective budget exercises 2015-2016, the District of Nyagatare paid salaries to the staff who no longer work for the District.
- The District of Gicumbi paid salaries to 17 employees who were not in service considering the dates on which they resigned from their jobs.
- In Rulindo District, salaries were paid to 4 employees who were not in service considering the dates at which they resigned from their jobs.

**Table 17: Payment to non-existent staff by District**

N <sup>o</sup>	District Name	Amount FY 2015-16 (RWF)	Amount FY2014-15 (RWF)
1	NYANZA	409,093	0
2	RULINDO	887,972	0
3	NYAMASHEKE	2,027,090	0
4	RUTSIRO	2,244,399	0
5	GICUMBI	3,566,656	0
6	NYAGATARE	3,759,128	2,308,896
	<b>TOTAL</b>	<b>12,894,338</b>	<b>2,308,896</b>

### 3.2 Non-expenditure related weaknesses

This section presents the results of the non-expenditure related weaknesses. The non-expenditure related weaknesses for the FY 2015-2016 have significantly increased, compared to the previous FY. The non-respect of laws and procedures as well as poor bookkeeping are the main sources of the increase in this complaint category. Specifically, weaknesses related to public procurement (of different weakness categories) have nearly sextupled from **RWF 4.2 billion in FY 2014-15 to RWF 24.4 billion in FY 2015-16** – an amount that corresponds to more than the total amount of all non-expenditure related weaknesses in the previous year. Other reasons are:

- Delayed or abandoned construction of local public infrastructure (RWF 14.98 billion)
- Unrecovered loans of the VUP programme (RWF 5.58 billion of non-expenditure related weaknesses plus another RWF 1.33 billion in the category of idle funds)

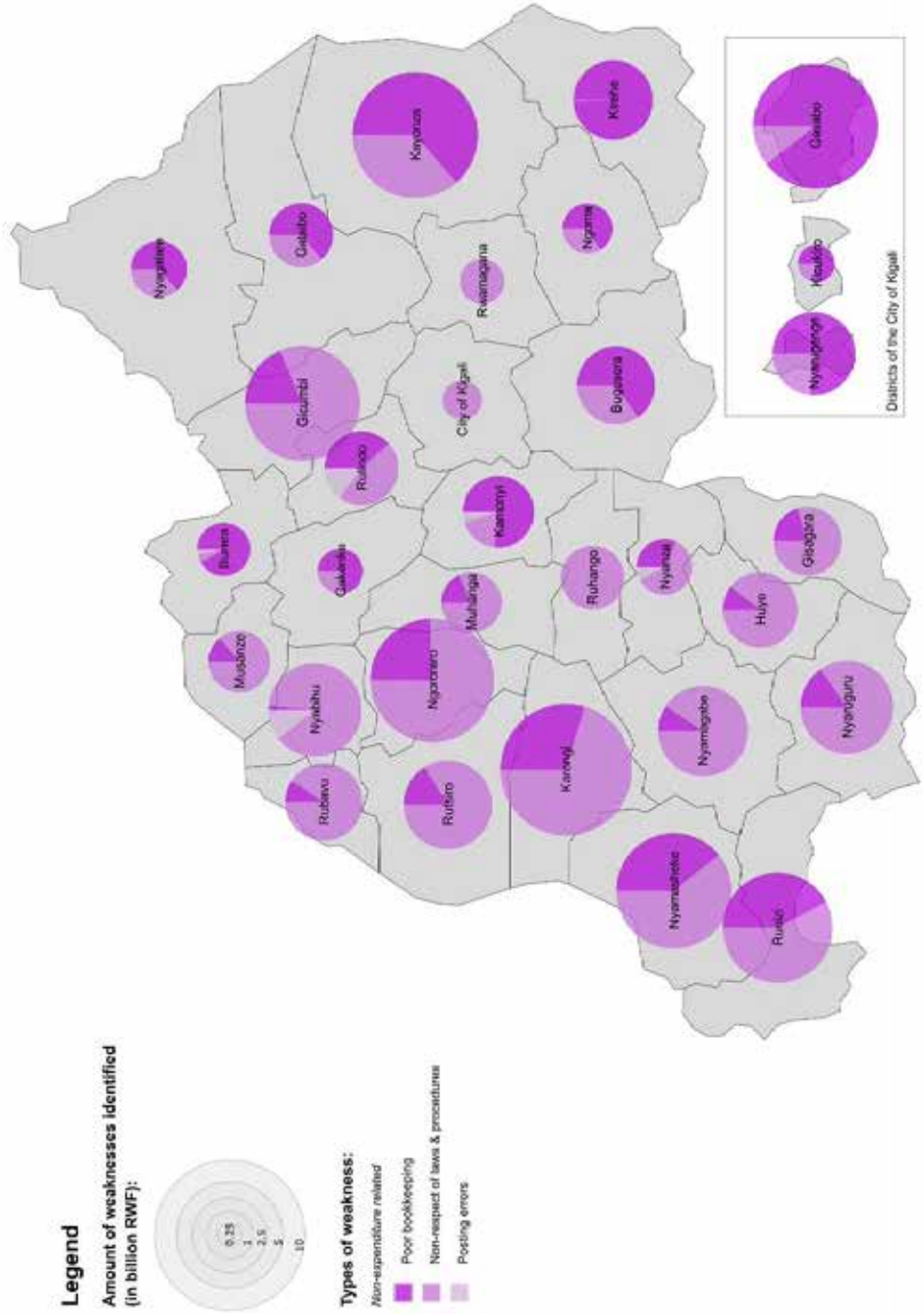
- The failure to reconcile District transfers to subsidiary entities (NBAs) according to District expenditure and according to NBA revenue (RWF 5.98 billion)
- Weaknesses in revenue collection, mostly originating from insufficient cooperation/ information sharing between the Districts and RRA after the transfer of responsibility for local tax collection from Districts to RRA
- Insufficient documentation in the handover of Mutual Health Insurance from the Districts to RSSB
- Various weaknesses concerning Districts' investments in provincial investment corporations (EPIC, WESPIC, SPIC).

Many Districts have incurred a tremendous increase in the volume of non-expenditure related weaknesses. Gasabo, which had by far the highest amount of non-expenditure related weaknesses in the previous FY, is the only District with a slight decrease.

**Table 18: Non-expenditure related weaknesses by District**

No	District Name	Amount FY2014-15 (RWF)	Amount FY2015-16 (RWF)	Percentage difference
1	Kicukiro	357,193,386	606,331,461	70%
2	City of Kigali	53,881,040	690,012,518	1181%
3	Rwamagana	22,847,223	888,553,415	3789%
4	Gakenke	36,109,810	905,015,804	2406%
5	Ngoma	489,412,902	1,103,118,121	125%
6	Burera	59,048,938	1,243,459,402	2006%
7	Nyanza	330,363,020	1,389,079,623	320%
8	Nyagatare	304,373,044	1,396,157,698	359%
9	Muhanga	81,903,639	1,596,584,929	1849%
10	Musanze	627,418,564	1,677,426,835	167%
11	Ruhango	570,409,944	1,771,906,597	211%
12	Gatsibo	1,312,329,890	1,806,702,630	38%
13	Gisagara	383,750,538	2,090,149,664	445%
14	Kamonyi	50,483,539	2,258,702,155	4374%
15	Rulindo	1,365,134,392	2,396,510,498	76%
16	Huye	305,307,302	2,518,748,909	725%
17	Rubavu	494,520,448	2,637,871,097	433%
18	Bugesera	954,744,283	2,678,071,983	181%
19	Kirehe	13,177,166	2,775,759,614	20965%
20	Nyarugenge	785,714,031	3,049,223,873	288%
21	Rutsiro	1,924,957,377	3,478,485,090	81%
22	Nyamagabe	308,107,415	3,603,617,681	1070%
23	Nyaruguru	24,944,787	3,802,536,289	15144%
24	Nyabihu	514,002,635	3,845,900,462	648%
25	Rusizi	492,919,600	5,346,639,947	985%
26	Gicumbi	697,879,192	5,819,127,441	734%
27	Nyamasheke	75,896,242	5,868,032,619	7632%
28	Ngororero	2,756,601,300	6,758,580,919	145%
29	Gasabo	7,249,735,406	6,821,956,812	-6%
30	Kayonza	647,225,488	6,990,303,115	980%
31	Karongi	809,891,966	7,660,909,762	846%
	<b>TOTAL</b>	<b>24,100,284,507</b>	<b>95,475,476,963</b>	<b>296%</b>

Figure 6: Overview of the volume of non-expenditure weaknesses per District



### 3.2.1 Non-respect of laws and procedures

As mentioned above, the non-respect of laws and procedures have considerably worsened in the current FY (see table 19). The main contributions come from public procurement and delayed constructions in Districts and the CoK (see tables 20 and 21 below). According to the 2015-2016 AGR report, the main reasons behind the non-respect of laws and procedures in the decentralised entities include, but are not limited to:

- Tenders that are awarded outside the procurement plan (art. 6 of law no 12/2007 of 27 March 2007 on public procurement)
- Tender awarded at higher prices than the estimated budget
- Successful bidders not appearing on the list of contractors per category allowed to compete for public tenders issued by RPPA
- Failure to charge the penalties on delayed construction works
- The failure to retain and declare withholding taxes on invoices (art.8 of law No 24/2010 of 28 May 2010 modifying and complementing law n° 16/2005 of 18 August 2005 on direct taxes on income)

**Table 19: Non-respect of laws and procedures by District**

N <sup>o</sup>	District Name	FY 2015-2016	FY 2014-2015
1	KIREHE	15,528,579	0
2	BURERA	67,123,166	25,996,024
3	KICUKIRO	127,600,203	41,633,918
4	GAKENKE	245,761,223	36,109,810
5	NGOMA	370,552,608	0
6	KAMONYI	409,566,467	
7	NYAGATARE	509,428,827	143,141,814
8	GATSIBO	653,150,888	1,120,577,983
9	CITY OF KIGALI	690,012,518	7,000,630
10	GASABO	712,418,329	113,989,947
11	NYARUGENGE	721,944,254	56,891,240
12	NYANZA	838,050,577	42,739,790
13	RWAMAGANA	888,553,415	
14	BUGESERA	925,923,254	54,855,220
15	RULINDO	1,121,575,639	722,953,536
16	MUHANGA	1,309,673,665	0
17	MUSANZE	1,445,485,178	537,131,470
18	GISAGARA	1,665,413,049	29,790,424
19	RUHANGO	1,771,906,597	21,600,000



20	HUYE	2,252,369,178	
21	RUBAVU	2,393,845,694	154,968,220
22	KAYONZA	2,540,762,861	16,897,964
23	RUTSIRO	2,914,805,129	1,451,795,224
24	RUSIZI	3,092,297,146	191,467,918
25	NYARUGURU	3,225,880,612	19,715,289
26	NYAMAGABE	3,268,346,680	80,290,026
27	NYABIHU	3,385,584,766	114,841,512
28	NYAMASHEKE	3,563,916,743	40,271,639
29	GICUMBI	4,742,243,648	6,596,237
30	NGORORERO	5,113,206,498	218,390,946
31	KARONGI	5,397,069,891	14,900,000
	<b>TOTAL</b>	<b>56,379,997,282</b>	<b>5,264,546,781</b>

According to participants of the FGDs, other reasons include the issue of instructions coming from central government to implement activities which were not budgeted in the concerned financial year resulting in a violation of the budget law by District officials.

The violation of procedures in the public procurement was also highlighted during the FGDs as another reason behind the non-respect of laws and procedures while incurring expenditures. As noted by a District staff, the law on procurement recommends to award the tender to the bidder with the lowest price. When the winner drops out, the law recommends to consider the second bidder. In this case the price offered by the new winner of the tender (second) might be higher than the available District budget but as stipulated in the public procurement law (see art. 27 of law N°05/2013 of 13/02/2013 modifying and completing the Law n°12/2007 of 27/03/2007 on Public Procurement), this tender has to be rejected. Surprisingly, some District tender committees fail to comply with this provision by awarding tender in a context described above.

**Table 20: Non-respect of law and procedures by thematic subcategory**

Thematic subcategory	Amount (RWF)
Public Procurement	22,652,422,706
Construction delayed/abandoned	14,970,112,911
Unrecovered loans	5,606,714,389
Revenue collection	2,500,000,021
Investment	2,444,618,797
Delay of transfer/payment	2,387,481,053
WHT/VAT remittance	1,940,347,850
Handover of Mutual Health Insurance to RSSB	1,181,412,625

Failure of reconciliation	811,376,562
Reconciliation of closing and opening balances	651,926,537
Unutilized funds	269,969,567
Diverted funds	225,878,922
Expropriation	154,570,106
Documents not provided to auditors	152,188,425
Unregistered assets	144,817,388
Expenditure recorded for wrong FY	125,088,594
Unrecovered bank balances	82,529,224
Unrecovered fees	37,806,078
Insufficient reporting	29,800,000
Social Security remittance	3,501,348
Lack of veterinary tests (Girinka)	3,322,000
Requirements not met	1,400,000
Ear tag mismatch (Girinka)	1,310,000
Loss due to death of cows (Girinka)	1,119,600
Reconciliation with disclosure note	282,579
<b>TOTAL</b>	<b>56,379,997,282</b>

**Table 21: Non-respect of laws and procedures by entity/programme**

<b>Entity/programme</b>	<b>Amount (RWF)</b>
District/CoK	38,781,779,697
VUP	7,711,476,854
Hospital	2,821,855,596
Provincial Investment Company	1,997,000,000
Mutual Health Insurance	1,181,412,625
District & RRA	930,909,079
Health Center	738,862,457
Ubudehe Program	661,709,318
NBA	652,209,116
Agakiriro program	611,823,083
Hospital	113,776,700
Biogas	81,044,581
School Capitation Grant	67,782,150
Sectors	21,204,426
Girinka	7,151,600
<b>TOTAL</b>	<b>56,379,997,282</b>

### 3.2.2 Poor bookkeeping

Poor book keeping related weaknesses have also increased in the fiscal year under review (see table 22). The main reasons identified by the Auditor General Report of the 2015-2016 FY are the following:

- Differences between transfers to subsidiary entities as financial statements and transfers received by subsidiary entities per disclosure note.
- Long outstanding receivables and payables for more than 1 year.
- Gaps noted in the taxpayers' database maintained by the District.

**Table 22: Poor bookkeeping by District**

N <sup>o</sup>	District Name	Amount FY2015-16 (RWF)	Amount FY2014-15 (RWF)
1	CITY OF KIGALI	0	46,880,410
2	RUHANGO	0	548,809,944
3	RWAMAGANA	0	22,847,223
4	NYABIHU	53,115,285	399,161,123
5	MUSANZE	231,941,657	88,425,177
6	RUBAVU	244,025,403	26,105,708
7	HUYE	266,379,731	163,280,482
8	MUHANGA	286,911,264	81,903,639
9	NYAMAGABE	335,271,001	94,541,456
10	GISAGARA	424,736,615	185,140,377
11	NYANZA	440,249,259	114,267,405
12	KICUKIRO	478,731,258	265,139,801
13	RUTSIRO	563,679,961	173,162,153
14	NYARUGURU	576,655,677	5,229,498
15	GAKENKE	659,254,581	
16	NGOMA	732,565,513	233,482,214
17	NYAGATARE	886,728,871	161,231,230
18	RULINDO	916,683,585	642,180,856
19	GICUMBI	1,076,883,793	139,003,034
20	BURERA	1,138,685,979	33,052,914
21	GATSIBO	1,153,551,742	191,751,907
22	NGORORERO	1,645,374,421	1,872,046,565
23	KAMONYI	1,736,717,435	50,483,539
24	BUGESERA	1,752,148,729	618,378,607
25	RUSIZI	2,254,342,801	1,451,682
26	KARONGI	2,263,839,871	484,266,565
27	NYAMASHEKE	2,304,115,876	35,624,603
28	NYARUGENGE	2,327,279,619	552,149,201
29	KIREHE	2,760,231,035	13,177,166
30	KAYONZA	4,449,540,254	351,023,553
31	GASABO	6,109,538,483	6,657,346,476
	<b>TOTAL</b>	<b>38,069,179,699</b>	<b>14,251,544,508</b>

It emerged from all FGDs that Districts were unable to explain the differences of revenues deriving from taxes collected by RRA and those targeted by Districts. During the FGDs, District staff urged that local taxes are collected by RRA as agreed through a MoU and because Districts have no access to the RRA taxation system of taxpayers (database). The latter are not in a position of providing a list of those who paid taxes and those who did not which is one of the reasons for unexplained revenues differences.

Similarly, FGDs revealed that Districts experience revenues shortcomings that are beyond their control. As noted by a District staff, taxes collected by RRA are submitted to District accounts as transfers and not as District revenues. The Auditor General considers this as a weakness with regards to the revenues registered. The same issue applies to LODA funds. In the District budget, they are recorded as grants, but when LODA provides funds, they come as transfer and this automatically conflicts with what is planned in the budget.

The sub-categorization of poor bookkeeping by theme and entity (see table 23 and 24) indicates that revenue collection and reconciliation with disclosure note remain the most important cause of this weakness in the Districts.

**Table 23: Poor bookkeeping by thematic subcategory**

Thematic subcategory	Amount (RWF)
Revenue collection	15,565,185,675
Reconciliation with disclosure note	5,982,792,050
Investment	5,324,273,555
Handover to RSSB	5,257,228,223
Budget management	1,315,325,713
Long outstanding receivables	1,105,463,173
Public Procurement	462,806,208
Unrecorded receivables	325,238,326
Reconciliation of closing and opening balances	302,273,293
Reconciliation with bank balance	293,094,068
Unsupported receivables and payables	261,927,788
Unsupported revenues	244,529,696
Reconciliation of accounts	226,641,544
Unsupported adjustments	220,798,126
Non-disclosure	205,628,040
Long outstanding payables	201,828,641
Unsupported payables	137,876,725
Receivables written off	116,316,110
Reconciliation	109,852,443



Payable omitted	94,477,136
Reconciliation of transfers with disbursements	85,699,333
Returned payments	67,014,368
Failure to recover	22,624,666
Unregistered assets	21,376,565
Social security	20,950,727
Unrecovered debts	20,384,624
Payables written off	20,171,814
Long outstanding reconciliation	15,729,753
Reconciliation	15,116,233
Unsupported accounts payable	11,813,678
Unsupported receivables	9,776,915
Unsupported bank account closure	4,964,490
<b>TOTAL</b>	<b>38,069,179,699</b>

**Table 24: Poor bookkeeping by entity/programme**

Entity/programme	Amount (RWF)
District/CoK	20,885,094,243
NBA	6,438,687,486
Mutual Health Insurance	5,502,463,959
District & RRA	2,836,321,038
Provincial Investment Company	1,504,244,144
VUP	592,364,753
Sectors	183,201,068
Hospital	105,426,443
Service Access Points	21,376,565
<b>TOTAL</b>	<b>38,069,179,699</b>

### 3.2.3 Posting errors

**Table 25: Posting errors by District**

No	District	Amount FY 2015-16 (RWF)	Amount FY2014-15 (RWF)
1	BURERA	37,650,257	478,398,983
2	NYANZA	110,779,787	173,355,825
3	KAMONYI	112,418,253	
4	RULINDO	358,251,274	
5	NYABIHU	407,200,411	
6	BUGESERA		281,510,456
7	GICUMBI		552,279,921
8	GISAGARA		168,819,737
9	HUYE		142,026,820

10	KARONGI		310,725,401
11	KAYONZA		279,303,971
12	KICUKIRO		50,419,667
13	MUSANZE		1,861,917
14	NGOMA		255,930,688
15	NGORORERO		666,163,789
16	NYAMAGABE		133,275,933
17	NYARUGENGE		176,673,590
18	RUBAVU		313,446,520
19	RUSIZI		300,000,000
20	RUTSIRO		300,000,000
	<b>TOTAL</b>	<b>1,026,299,982</b>	<b>4,584,193,218</b>

As evidenced by the data above, posting errors have decreased in both volume of amounts and the number of Districts involved compared to the last FY. In fact, only five Districts were affected by this weakness compared to 17 Districts last year.

Generally, posting/recording of financial transaction related weaknesses are linked to a lack of skills of mastering the chart of accounts used by MINECOFIN. As a matter of fact, the payment of firefighting trucks to RNP was wrongly recorded by many Districts as other security and social order related costs instead of transfer to central government institutions. For some NBAs (especially primary schools and hospitals), there was no staff qualified to report correctly.

**Table 26: Posting errors by thematic subcategory**

Thematic subcategory	Amount (RWF)
Posting errors (general)	407,200,411
Wrongly recorded as capital expenditure	312,917,593
Posting adjustments	183,934,827
Fire fighting	122,247,151
<b>TOTAL</b>	<b>1,026,299,982</b>

**Table 27: Posting errors by entity/programme**

Entity/programme	Amount (RWF)
District/CoK	1,025,929,982
Sectors	370,000
<b>TOTAL</b>	<b>1,026,299,982</b>

### **3.3 Idle assets and funds**

The 2015-2016 Auditor General report revealed several cases of idle assets/funds in public agencies including Districts. The table 28 below shows that 15 Districts acquired assets which were not used for the intended purpose.

#### **3.3.1 Idle assets**

The Auditor General report of 2015-2016 reveals that a vast amount of RWF 2,443,665,632, utilized by 15 Districts at the time of audit as idle assets (see table 28). In Ngororero District for example, the constructed cassava factory and machines were still idle due to fact that factory machines acquired did not meet standards and are yet to be replaced. Participants of FGDs conducted in the mentioned District urged that the entrepreneur hired for this factory was not fully paid because he brought sub-standard machines. As of now, the case is in courts, but still the Auditor General has considered this finding as an idle asset. Other cases of idle assets include for instance:

- The veterinary laboratory and equipment are idle since the building was constructed and equipment was delivered in Gicumbi District.
- The Real Kigali Trading Centre delayed completing the construction of Hunga Health Post and Rwempasha (Nyagatare District) meeting hall and yet the construction has not been finished and no one was operating on site at the time of the audit.
- The audit noted that the project of construction of Middle Voltage (MV) and installation of 3 transformers for electrification in 3 cells in Musanze District were completed with a delay of three months but connections to beneficiaries' houses were not yet installed.
- The District of Nyamasheke did not comply with agreement signed with RDB on the use of delivered Laptops and some of them were not used from July 2015 till the audit time 2017.

**Table 28: Idle assets per District**

N <sup>o</sup>	District Name	Amount of Idle Assets in FY2015-16 (RWF)
1	KAMONYI	1,827,586
2	RUHANGO	12,100,000
3	RUTSIRO	12,758,340
4	NYABIHU	27,484,155
5	NYAGATARE	59,120,298
6	NYAMASHEKE	64,599,307
7	GICUMBI	78,700,500
8	NYANZA	89,848,638
9	MUSANZE	111,728,605
10	RUSIZI	168,583,919
11	NYARUGENGE	169,485,020
12	CITY OF KIGALI	222,116,624
13	NYAMAGABE	244,249,489
14	MUHANGA	402,516,321
15	NGORORERO	778,546,830
	<b>TOTAL</b>	<b>2,443,665,632</b>

Further analysis on idle assets by subcategory and type of asset indicates that at the time of 2016 audit, assets with the value worth RWF 1,352,148,604 were not functioning while idle assets of an amount equivalent to RWF 1,042,963,446 were not utilised. Idle assets amounted to RWF 28,553,582 were utilized for non-intended purpose (see table 29).



**Table 29: Idle assets by subcategory and type of asset**

Subcategory/type of asset	Amount (RWF)
<b>Non-functioning</b>	<b>1,352,148,604</b>
Agriculture/processing	768,070,428
Landfill	237,858,235
Water supply	149,485,020
Electricity	111,728,605
Public Lights	85,006,316
Biogas	Amount not specified
<b>Non-utilization</b>	<b>1,042,963,446</b>
Handicraft Center	252,349,083
CCTV	222,116,624
Market	135,873,100
ICT and office equipment	127,082,273
Health	111,120,298
Brickyard	79,729,280
Veterinary	78,700,500
Agriculture/processing	23,892,288
Biogas	2,100,000
District offices	Amount not specified
<b>Utilization for non-intended purpose</b>	<b>28,553,582</b>
ICT and office equipment	28,553,582
<b>TOTAL</b>	<b>RWF 2,423,665,632</b>

### 3.3.2 Idle funds

Likewise, an important amount of money was not utilized in 18 Districts at the time of the audit (see table 30). The reasons provided for this weakness include, but are not limited to:

- The funds for VUP financial services which were still kept by SACCO,
- Funds meant to support vulnerable persons kept on the Sectors' account for long without being disbursed to intended beneficiaries,
- Unutilized funds in respect of UBUDEHE Community projects and household projects
- VUP programme related funds had not been utilized after being transferred to sectors from the District,
- Buying the fire extinction vehicle (Kizimyamwoto), yet the vehicle is not available

**Table 30: Idle funds per District**

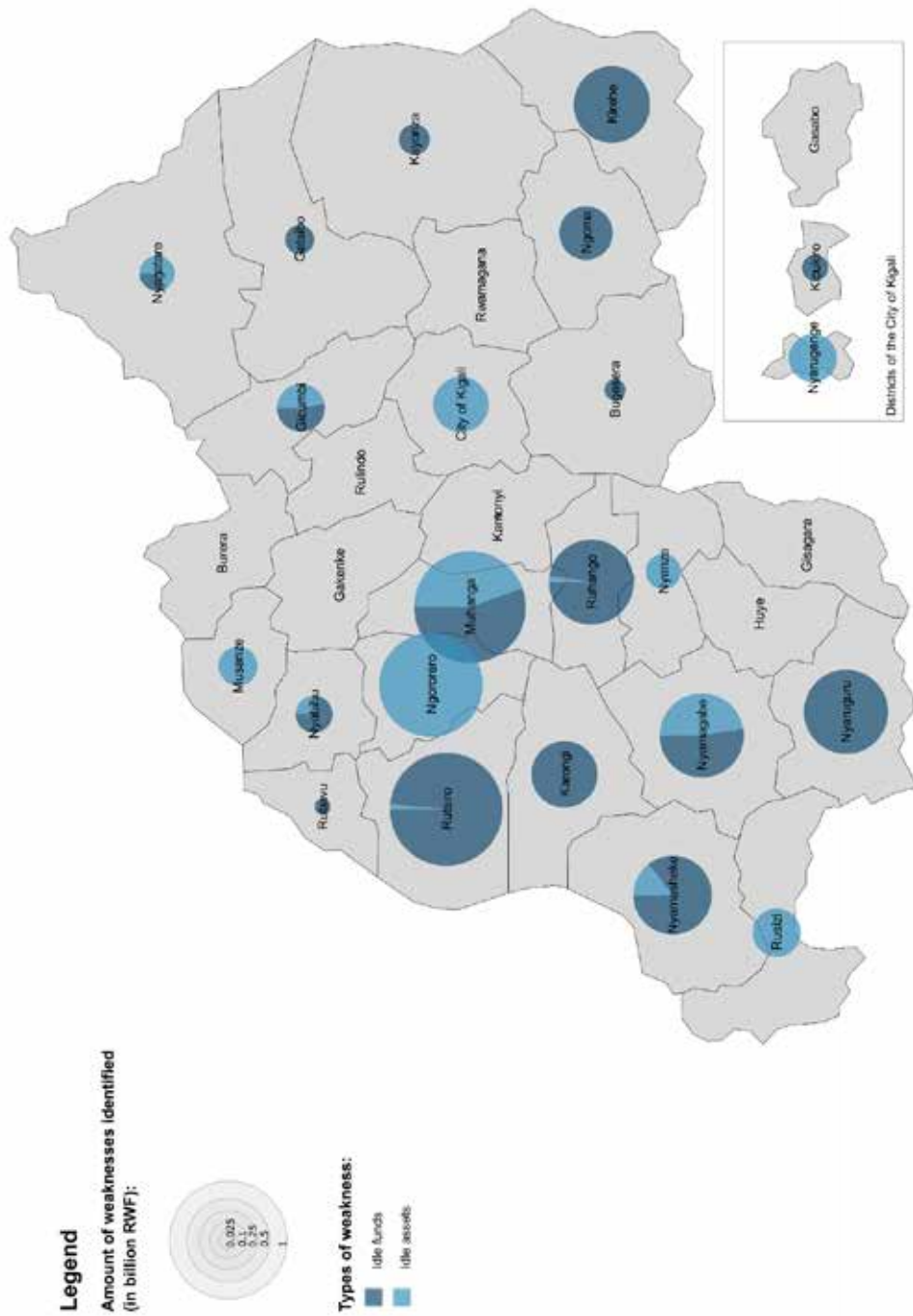
N <sup>o</sup>	District Name	Amount of Idle funds in FY 2015-16 (RWF)
1	KAMONYI	1,666,530
2	RUBAVU	18,600,000
3	NYAGATARE	30,502,933
4	BUGESERA	33,130,001
5	KICUKIRO	50,737,225
6	GATSIBO	62,777,600
7	KAYONZA	68,608,314
8	NYABIHU	71,947,591
9	GICUMBI	87,582,992
10	NGOMA	208,862,370
11	NYAMAGABE	269,700,595
12	KARONGI	319,523,070
13	NYAMASHEKE	381,389,125
14	KIREHE	425,085,431
15	MUHANGA	501,722,083
16	RUHANGO	510,672,573
17	NYARUGURU	514,779,055
18	RUTSIRO	910,086,967
	<b>TOTAL</b>	<b>4,467,374,455</b>

The reason of not utilizing the VUP funds kept by SACCO was discussed during the FGDs with District staff. The latter suggested that the increase of interest rate from 2% to 11% for VUP financial services and request of collateral to beneficiaries remain the main cause of not using SACCO VUP financial services. The table below presents the idle funds by entity/program.

**Table 31: Idle funds by entity/program**

Entity/program	Amount (RWF)
VUP	3,816,712,969
Ubudehe Program	391,249,517
Biogas	217,807,601
Provincial Investment Company	41,604,368
District/CoK	20,000,000
<b>TOTAL</b>	<b>4,487,374,455</b>

Figure 7: Overview of the volume of idle assets and funds per District



## 4 Cross-cutting issues

### 4.1 Public procurement and infrastructure construction

Procurement related weaknesses are a crosscutting issue in different weakness categories, but the vast majority of cases are in the category of non-respect of laws and procedures (see table 32).

**Table 32: Category of public procurement related weaknesses**

Category of public procurement related weaknesses	Amount (RWF)	No. of cases
Non-respect of Laws & Procedures	22,652,422,706	47
Fully Unsupported Expenditure	1,216,964,774	3
Poor Bookkeeping	462,806,208	1
Wasteful Expenditure	33,497,335	2
Partially Unsupported Expenditure	31,802,305	3
Overstated expenditure	2,443,762	2
<b>TOTAL</b>	<b>24,399,937,090</b>	<b>58</b>

A comparative analysis shows that weaknesses related to public procurement have nearly sextupled from RWF 4.2 billion in FY 2014-15 to RWF 24.4 billion in FY 2015-16. The following are illustrative cases of public procurement related weaknesses in the Districts.

- Ngororero District failed to comply with the public procurement law whereby successful bidders not appearing on the list of contractors per category could compete for public tenders issued by RPPA for a tender of RWF 4,543,239,490,
- Similarly, the audit noted that the Rutsiro District awarded 9 tenders with a value of RWF 1,563, 428, 701 outside the procurement plan. They were not reported in the procurement execution report submitted to RPPA,
- Contract covering RWF 250,000,000 for works of the CoK road maintenance signed without performance security,
- The District of Nyamagabe awarded tenders of an amount worth RWF 620,528,927 at higher prices than the estimated budget. The same District awarded 18 tenders with a value of RWF 1, 853,888,000 without sufficient supporting documents like minutes of bids opening, proof of publication and notification,

- In Ruhango District, the value of the performance guarantee of RWF 728,965,380 was different in words and figures and the management of the District considered the one in figures which may lead to a loss,

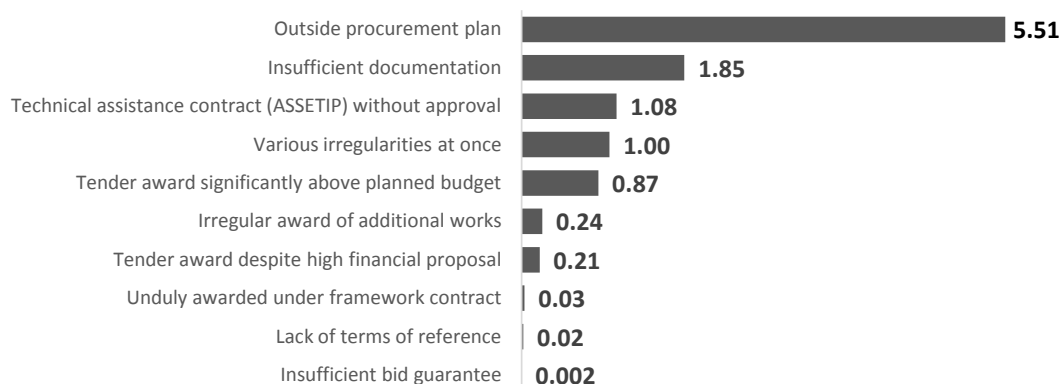
Notably, nearly half of the total volume of identified issues regarding public procurement concerns various forms of non-compliance with regulations in the process of tender award (see table 33).

**Table 33: Public procurement related weaknesses by thematic subcategory**

Thematic subcategory	Amount (RWF)	No. of cases
Tender award	10,868,565,075	18
Ineligible bidders	4,543,239,490	1
Construction defects	4,048,137,949	7
Failure to seize guarantee/penalties	1,333,399,117	11
Inconsistent value of performance guarantee	728,965,380	1
Unsupported changes	580,610,070	1
Procurement reporting	462,806,208	1
Final reception delayed	347,978,595	1
Lack of performance guarantee	283,301,139	3
Incomplete execution	269,182,821	2
Commencement order/contract delayed	260,102,870	2
Unexecuted tenders	212,318,678	1
Unsupported payment	136,803,780	2
Payment delayed	112,420,024	1
Overspending	90,317,759	1
Irregular addendum	85,847,038	1
Fines paid to contractor	25,000,000	1
Inadequate feasibility study	8,497,335	1
Overpayment	2,443,762	2
<b>TOTAL</b>	<b>24,399,937,090</b>	<b>58</b>

More than half of the monetary value of irregularities in tender awards are due to tenders that are not referring the procurement plan (see figure 8).

**Figure 8: Irregularities in tender awards by type (billion RWF)**



The analysis of public procurement related weaknesses by Districts shows that Ngororero (RWF 4.69 billion) and Gicumbi (RWF 4.08 billion) have incurred the highest volume of procurement related weaknesses while Rubavu and Rusizi registered the highest number of cases regarding the weakness in public procurement (see table 34).

**Table 34: Public procurement related weaknesses by District**

District	Amount (RWF)	No. of cases
NGORORERO	4,693,563,557	3
GICUMBI	4,080,350,475	3
NYAMAGABE	2,920,877,667	4
KARONGI	2,711,373,071	4
RUSIZI	2,479,556,995	7
RUBAVU	1,695,448,521	9
RUTSIRO	1,563,428,701	1
RUHANGO	985,354,456	5
KAYONZA	968,771,350	3
NYABIHU	555,430,500	4
NYAGATARE	462,806,208	1
BUGESERA	354,438,434	1
RWAMAGANA	319,604,964	1
CITY OF KIGALI	250,000,000	1
NYARUGENGE	235,652,903	1
NYARUGURU	80,686,712	2
HUYE	19,200,000	1
RULINDO	9,097,335	2
BURERA	7,242,269	2
NYANZA	6,367,032	2
KAMONYI	685,940	1
<b>TOTAL</b>	<b>24,399,937,090</b>	<b>58</b>

Tables 35 and 36 below show that, among the public procurement projects queried by the OAG, there is a number of projects that amount to almost RWF 15 billion which entirely pertain to the category non-respect of laws and procedures.

**Table 35: Delayed/abandoned construction by District**

District	Delayed (RWF)	Abandoned (RWF)	Total amount (RWF)	No. of cases
NYARUGURU	2,862,307,293		2,862,307,293	1
NYABIHU	2,668,441,629		2,668,411,629	3
NYAMASHEKE	2,608,826,012		2,608,826,012	1
HUYE	1,996,070,789		1,996,070,789	3
RUTSIRO	851,120,562	47,737,906	898,858,468	2
MUSANZE	885,653,200		885,653,200	1
RUSIZI	817,614,556		817,614,556	2
GISAGARA	790,604,945		790,604,945	1
MUHANGA	291,361,749	263,844,488	555,206,237	3
CITY OF KIGALI	383,584,620		383,584,620	2
GASABO	232,657,196		232,657,196	2
BUGESERA		222,739,434	222,739,434	1
NGORORERO		47,578,532	47,578,532	1
<b>TOTAL</b>	<b>14,388,212,551</b>	<b>581,900,360</b>	<b>14,970,112,911</b>	<b>23</b>

**Table 36: Delayed/abandoned construction by infrastructure type**

Type of infrastructure	Delayed (RWF)	Abandoned (RWF)	Total Amount (RWF)	No. of cases
Roads	5,004,145,292		5,004,145,292	5
Water supply	3,840,284,439		3,840,284,439	5
District offices	2,608,826,012		2,608,826,012	1
Guesthouse	1,641,725,507		1,641,725,507	2
Handicraft Center	340,425,039	263,844,488	604,269,527	2
Health	427,426,177	47,737,906	475,164,083	2
Landfill	374,998,549		374,998,549	1
Agriculture/processing		222,739,434	222,739,434	1
Multipurpose Hall	88,030,355		88,030,355	1
Market		47,578,532	47,578,532	1
Biogas	43,159,581		43,159,581	1
Housing	19,191,600		19,191,600	1
<b>TOTAL</b>	<b>14,388,212,551</b>	<b>581,900,360</b>	<b>14,970,112,911</b>	<b>23</b>

The findings in the table above suggests that out of nearly 15 billion of delayed/abandoned construction works, about 9 billion are related to roads and water supply. The following are some of the cases that were highlighted by the District audit reports:

- Huye District contractors delayed the completion of contracted works for the construction of paved roads of ADEPER-MAGERWA of an amount equivalent to RWF 896,049,000.
- In Nyabihu District, contractors halted works relating to the construction of the access roads to the agro-pastoral region of Gishwati for an amount worth RWF 2,221,793,852.
- Nyaruguru Districts contractors delayed the construction of the Nyungwe-Kibeho-Ndago-Coko water supply system with the value amounting to RWF 2,862,307,293.
- In Rusizi District, contractors delayed the construction works of reinforcement of Nkombo water supply system with an estimated amount of RWF 580,610,070.

With regard to abandoned works, the Auditor General reports mentioned among others the construction works for Gihuma crafts centre (Agakiro phase I) in Muhanga District that were abandoned by ENJB<sup>11</sup> contractor without any reason. Similar incidents happened in Bugesera District, where contractors failed to resume abandoned works of Migina Dyke and Mayange agricultural crops storage. Additionally, the District of Rutsiro signed a contract with NACO Ltd<sup>12</sup> for construction of Maternity block on 02/03/2015 and the audit noted that the constructor abandoned works before completion and has been so far paid 62 % of the total amount.

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<sup>11</sup> *Entreprise Nemeyabahizi Jean Baptiste, blacklisted for 4 years (21 March 2017 to 20<sup>th</sup> March 2021)*

<sup>12</sup> New Activities Company Ltd



## 4.2 Vision 2020 Umurenge programme

Weaknesses in the financial management of the VUP programme amount to RWF 12.12 billion. The largest part is categorized as non-respect of laws and procedures or as idle funds (see table 37). Most of the identified weaknesses concern unrecovered loans from VUP beneficiaries and delay of transfer/payment (VUP funds on SACCO accounts not yet disbursed to beneficiaries).

**Table 37: VUP related weaknesses by category and thematic subcategory**

<b>Weakness category/thematic subcategory</b>	<b>Amount (RWF)</b>
<b>Non-respect of Laws &amp; Procedures</b>	<b>7,711,476,854</b>
Unrecovered loans	5,578,609,810
Delay of transfer/payment	1,814,649,302
Diverted funds	129,288,692
Unutilized funds	113,309,850
Expenditure recorded for wrong FY	75,619,200
<b>Idle Funds</b>	<b>3,816,712,969</b>
Unutilized funds	2,481,840,571
Unrecovered loans	1,334,872,398
<b>Poor Bookkeeping</b>	<b>592,364,753</b>
Unrecorded receivables	249,862,043
Unsupported receivables and payables	134,557,218
Non-disclosure	93,600,279
Reconciliation of transfers with disbursements	85,699,333
Reconciliation with bank balance	13,434,535
Reconciliation with disclosure note	10,785,345
Reconciliation (other)	4,426,000
<b>Fraudulent Expenditure</b>	<b>2,286,000</b>
Ineligible beneficiaries	2,286,000
<b>TOTAL</b>	<b>12,122,840,576</b>

**Table 38: VUP related weaknesses by District**

District	Amount (RWF)
NYAMASHEKE	1,294,358,246
KARONGI	1,185,723,688
RUHANGO	1,094,617,460
RUTSIRO	909,786,967
NYARUGURU	758,418,896
RUBAVU	747,975,836
NYAMAGABE	611,168,811
GICUMBI	522,779,067
GASABO	475,108,121
GISAGARA	470,028,147
KAYONZA	432,515,859
KIREHE	425,085,431
MUHANGA	424,339,043
NYAGATARE	420,055,668
NYARUGENGE	320,422,834
NGOMA	273,952,544
MUSANZE	270,740,258
NGORORERO	267,205,441
RULINDO	202,414,679
HUYE	181,559,213
GAKENKE	171,630,512
GATSIBO	169,219,479
KICUKIRO	163,909,284
KAMONYI	157,479,209
RWAMAGANA	152,199,348
RUSIZI	13,434,535
BURERA	4,426,000
NYANZA	2,286,000
<b>TOTAL</b>	<b>12,122,840,579</b>

As highlighted above, unrecovered loans take the largest part in VUP related weaknesses. This is mostly observed in Nyamasheke, Karongi and Ruhango Districts (over one billion of amount affected by the said weakness) and less in Nyanza and Burera Districts. In fact, according to the OAG District audit reports of FY 2015-16, these Districts have delayed the recovery of loans from financial service beneficiaries.

### 4.3 District investments

The OAG District audit reports of FY2015-16 identified weaknesses in the implementation of agreements between Districts, provinces and other companies regarding investments. Recurrent problems in this venture include:

- Investment not supported by MoU, business plan etc. (sometimes in several consecutive years),
- No financial statements of the company,
- No list of shareholders,
- Lack of loan security.

As shown in table 39, poor bookkeeping and non-respect of laws and procedures are the categories most affected by investment related weaknesses.

**Table 39: Investment related weaknesses by category**

<b>Weakness category</b>	<b>Amount (RWF)</b>
Poor Bookkeeping	5,324,273,555.00
Non-respect of Laws & Procedures	2,444,618,797
Partially Unsupported Expenditure	300,000,000
Fully Unsupported Expenditure	66,970,030
Idle Funds	41,604,368
<b>TOTAL</b>	<b>8,177,466,750</b>

The analysis of the OAG District audit reports of FY2015-16 suggests that the investment related weaknesses by Districts and companies are higher in Kayonza (54,4% of the total investment related weaknesses) than in other Districts. This was mainly due to the absence of documentation related to the land given to the Mount Meru Soyco Company Ltd and its value (RWF 3, 820,029,411), failure to avail the document indicating when the company started commercial activities. The District was not able to provide all these documents and in 2 years the company incurred a loss. In the same vein, Ngororero District could not provide, the documentation in respect to the investment with WESPIC such as the memorandum of association, articles of association and business plan at the time of the audit. Table 40 shows the values of investment related weaknesses in other Districts and companies.

**Table 40: Investment related weaknesses by company and District**

<b>Company/District</b>	<b>Amount (RWF)</b>
<b>Mount Meru Soyco Company</b>	<b>3,820,029,411</b>
KAYONZA DISTRICT	3,820,029,411
<b>WESPIC</b>	<b>2,345,000,000</b>
KARONGI DISTRICT	310,000,000
NGORORERO DISTRICT	665,000,000
NYAMASHEKE DISTRICT	300,000,000
RUBAVU DISTRICT	300,000,000
RUSIZI DISTRICT	470,000,000
RUTSIRO DISTRICT	300,000,000
<b>EPIC</b>	<b>992,000,000</b>
KAYONZA DISTRICT	630,000,000
RWAMAGANA DISTRICT	362,000,000
<b>SPIC</b>	<b>572,818,542</b>
MUHANGA DISTRICT	333,574,398
NYAMAGABE DISTRICT	40,244,144
NYANZA DISTRICT	199,000,000
<b>Gisagara Agro-Business Industry (GABI)</b>	<b>289,011,753</b>
GISAGARA DISTRICT	289,011,753
<b>Muhanga Investment Group</b>	<b>158,607,044</b>
MUHANGA DISTRICT	158,607,044
<b>TOTAL</b>	<b>8,177,466,750</b>

#### 4.4 Handover of Mutual Health Insurance to RSSB

The RSSB took over the management of Mutual Health Insurance from Districts in July 2015. In the year under review, the OAG auditors noted many weaknesses in the process of handing over responsibilities from Districts to RSSB. Auditors noted, amongst handover related weaknesses, the following:

- Districts did not transfer assets and liabilities
- Districts did not reconcile receivables and payables
- Districts did not yet close bank accounts
- Districts did not provide a proper handover report

Likewise, table 41 below indicates that poor bookkeeping and non-respect of laws and procedures are the categories most affected by handover related weaknesses.

**Table 41: Weaknesses related to the handover of Mutual Health Insurance by weakness category**

Weakness category	Amount (RWF)
Poor Bookkeeping	5,257,228,223
Non-respect of Laws & Procedures	1,181,412,625
Fully Unsupported Expenditure	300,922,082
<b>TOTAL</b>	<b>6,739,562,930</b>

An assessment on weaknesses related to the handover by District reveals that Nyamasheke, Nyanza and Gatsibo come on top among Districts affected by the complaint mentioned above. As a matter of fact, in Nyamasheke District, there is an absence of documents related to the payment of the District to Kibogora Hospital worth RWF 1,722,215,152, reconciliation of payables of Mutuelle de Sante and no formal plan on how the outstanding liabilities will be settled. Similarly, in Nyanza District the assets and liabilities of the former Mutuelle de Sante with a value of RWF 776,362,747 were not transferred to RSSB and disclosure in the District financial statements was incomplete.

Furthermore, the audit noted weaknesses in the handover process for community Based Health Insurance and some Gaps in receivables and payables of Mutuelle de Sante in GATSIBO District amounting to RWF 643, 326,043(see table 42).

**Table 42: Weaknesses related to the handover of Mutual Health Insurance by District**

Ref	District	Amount (RWF)
1	NYAMASHEKE	1,722,215,152
2	NYANZA	776,362,747
3	GATSIBO	643,326,043
4	KIREHE	588,938,934
5	RUSIZI	525,684,977
6	BUGESERA	430,616,028
7	NYARUGENGE	337,224,034
8	RULINDO	315,227,457
9	NYAGATARE	314,499,322
10	KARONGI	304,165,571
11	KAYONZA	223,905,709
12	GICUMBI	221,791,598
13	RUTSIRO	183,258,280
14	RUBAVU	102,940,645
15	GAKENKE	41,252,508
16	NGORORERO	8,153,925
	<b>TOTAL</b>	<b>6,739,562,930.00</b>

## 4.5 Cooperation of Districts with RRA

Responsibility for the collection of local taxes was transferred to the RRA. However, OAG auditors have noted several weaknesses related to local tax collection in their District audit reports, mostly regarding issues that originate from an insufficient cooperation/ information sharing between the Districts and the RRA, such as:

- Revenues collected by RRA were not supported by detailed breakdowns
- Non-achievement of tax collection plans by RRA
- Differences between RRA annual and monthly tax collection reports

The weaknesses fall in the categories of non-respect of laws and procedures and poor bookkeeping. Many of the weaknesses noted in District audit reports are actually not within the scope of responsibilities of the Districts, but solely of RRA. Table 43 below displays the weaknesses related to the cooperation with RRA by District.

**Table 43: Weaknesses related to the cooperation with RRA by District**

Ref.	District	Amount (RWF)
1	KIREHE	1,517,510,331
2	NGOMA	592,927,208
3	MUHANGA	454,862,201
4	KAYONZA	407,531,979
5	NGORORERO	232,950,238
6	NYANZA	228,931,528
7	RUTSIRO	113,181,518
8	GISAGARA	97,533,486
9	NYAGATARE	33,776,308
10	NYAMASHEKE	22,472,815
11	GICUMBI	22,075,144
12	BURERA	17,027,363
13	GAKENKE	16,301,038
14	NYARUGURU	10,148,960
	<b>TOTAL</b>	<b>3,767,230,117</b>

## 5 Monitoring of recommendations

In the audit reports of the FY 2015-16, a total number of 1,101 recommendations were issued by the auditors to the Districts and the CoK. This is an increase of almost 25% compared to the FY 2014-15 (887 recommendations). By the end of the FY, 548 (49.8%) recommendations were fully implemented (see table 44). This is only a minor decrease of the proportion of fully implemented recommendations compared to the previous FY. However, the range of implementation levels has widened, with a maximum of 80.8% (75% for recommendations of FY 2014-15) and a minimum of 21.4% (31.4% in FY 2014-15).

**Table 44: Level of implementation of FY 2015-16 audit recommendations by District**

Rank	District	% of fully implemented previous years' audit recommendations		
		FY2013-14	FY2014-15	FY2015-16
1	Rwamagana	38.0%	53.3%	<b>80.8%</b>
2	Huye	62.0%	50.0%	<b>74.1%</b>
3	Nyaruguru	68.0%	65.8%	<b>70.8%</b>
4	Kirehe	69.0%	64.0%	<b>67.9%</b>
5	Gasabo	61.0%	45.5%	<b>65.6%</b>
6	City of Kigali	60.0%	64.3%	<b>62.5%</b>
7	Bugesera	63.0%	50.0%	<b>62.2%</b>
8	Burera	75.0%	68.0%	<b>60.0%</b>
9	Gakenke	83.0%	33.3%	<b>60.0%</b>
10	Gisagara	70.0%	72.7%	<b>56.7%</b>
11	Ngoma	76.0%	60.6%	<b>55.1%</b>
12	Nyamagabe	79.0%	28.6%	<b>53.8%</b>
13	Kayonza	65.0%	34.3%	<b>53.2%</b>
14	Rulindo	56.0%	39.3%	<b>50.9%</b>
15	Rubavu	60.0%	61.8%	<b>50.0%</b>
16	Ruhango	71.0%	71.9%	<b>45.5%</b>
17	Kicukiro	67.0%	62.5%	<b>45.5%</b>
18	Kamonyi	85.0%	33.3%	<b>44.4%</b>
19	Musanze	70.0%	57.1%	<b>44.0%</b>
20	Karongi	75.0%	47.4%	<b>43.9%</b>
21	Nyagatare	71.0%	75.0%	<b>42.9%</b>

22	Rutsiro	58.0%	31.4%	<b>42.9%</b>
23	Nyarugenge	72.0%	50.0%	<b>42.3%</b>
24	Rusizi	37.0%	35.7%	<b>41.7%</b>
25	Gicumbi	75.0%	33.3%	<b>41.7%</b>
26	Nyanza	72.0%	64.0%	<b>41.4%</b>
27	Gatsibo	66.0%	41.3%	<b>41.3%</b>
28	Nyabihu	62.0%	43.8%	<b>40.5%</b>
29	Muhanga	70.0%	38.1%	<b>28.0%</b>
30	Nyamasheke	56.0%	58.6%	<b>22.6%</b>
31	Ngororero	44.0%	46.6%	<b>21.4%</b>
<b>Average</b>		<b>65.7%</b>	<b>51.0%</b>	<b>49.8%</b>

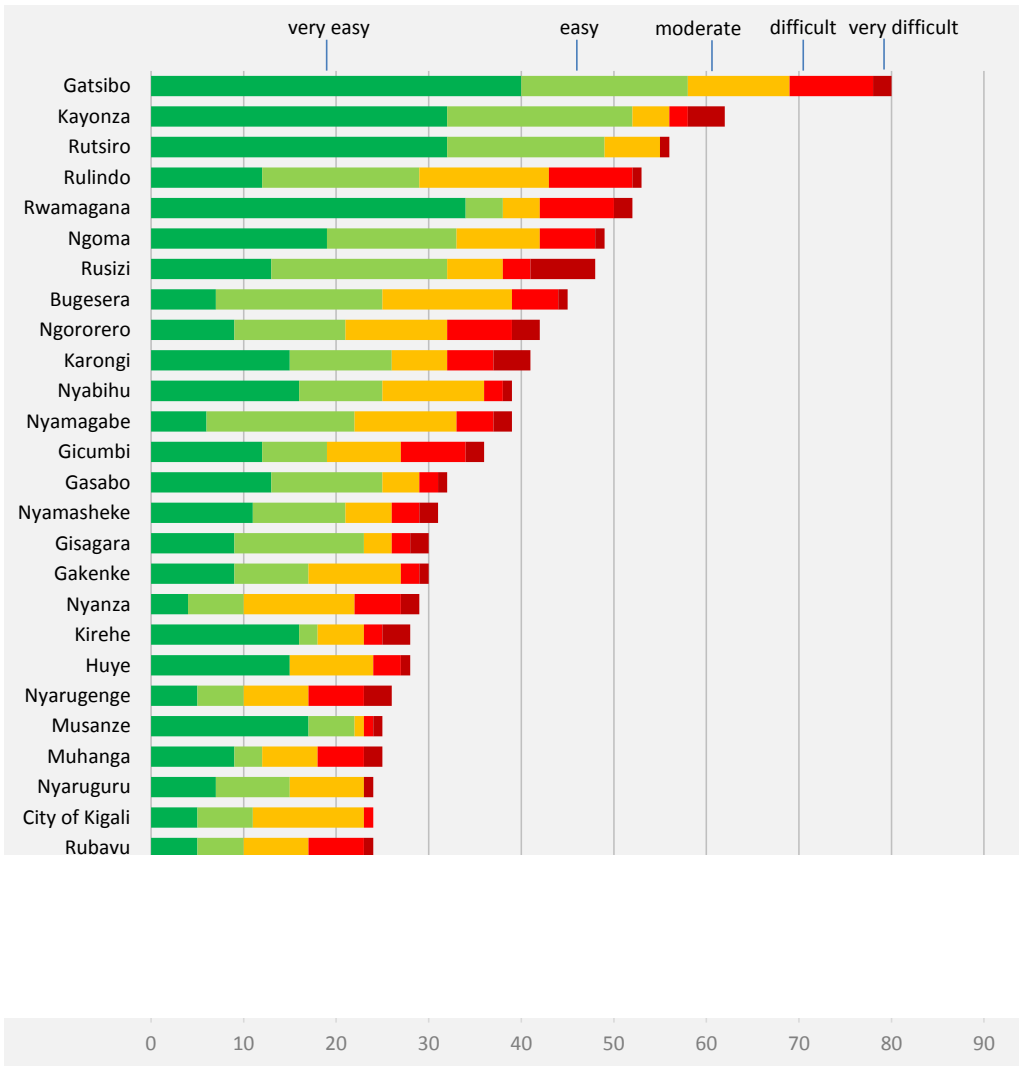
The achievement of Districts regarding the implementation of audit recommendations cannot be measured by the proportion of fully implemented recommendations alone. This is because of two reasons: 1) the number of recommendations issued by the auditors differs significantly between the Districts, 2) the quality of the recommendations issued varies strongly in regard of how difficult they are to be implemented.

Figure 9 shows the total number of recommendations issued per decentralized entity and their difficulty level. The number of recommendations per District varies from 18 to 80 and is also very different in difficulty levels. Figure 9 moreover shows that the District of Gatsibo had the highest number of Auditor General recommendations in the previous fiscal year followed by Kayonza and Rutsiro. However, of the 80 recommendations issued to Gatsibo, 72, 5% of them were very easy or easy to implement and only 11 (close to 14%) were difficult or very difficult. Surprisingly, Gatsibo is ranked 27th and with only 41.3% of implementation status of the previous year's Auditor General recommendations whereas 72.5% of them are very easy or easy to implement.

To the contrary, the District of Rwamagana was ranked as the best implementer of recommendations in the previous year while it had to implement more difficult recommendations (18%) than in Kayonza District (11%). It is obvious that Districts would need to mobilise much more effort despite the number of difficult recommendations to implement.

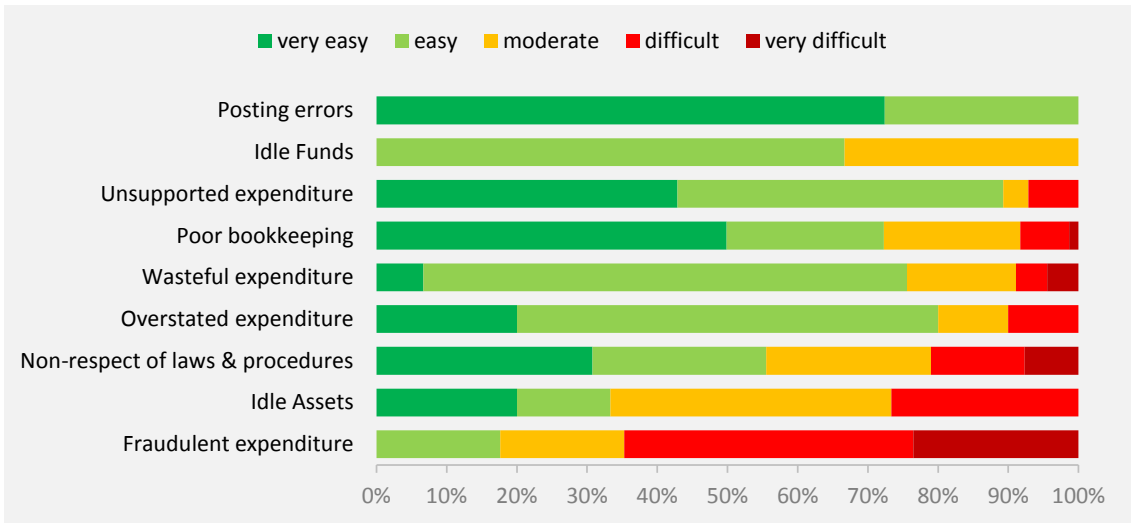


**Figure 9: Number and difficulty of recommendations issued by District**



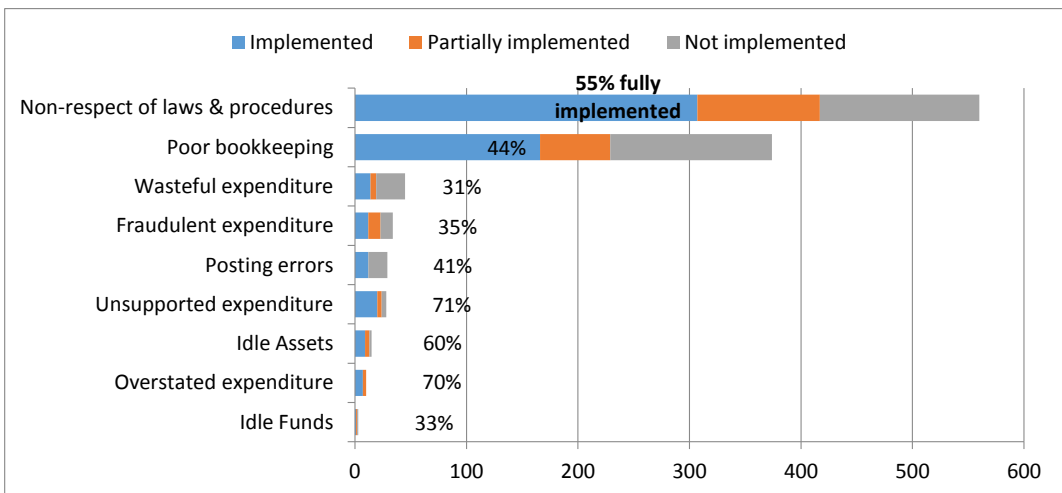
Difficulty differs also for different weakness categories (figure 10). Posting errors are often just simple errors that can be avoided through diligence, thus only very easy and easy recommendations. Fraudulent expenditure weaknesses are often linked with asset recovery which is not easy to achieve by Districts alone.

**Figure 10: Difficulty of recommendations by weakness category**



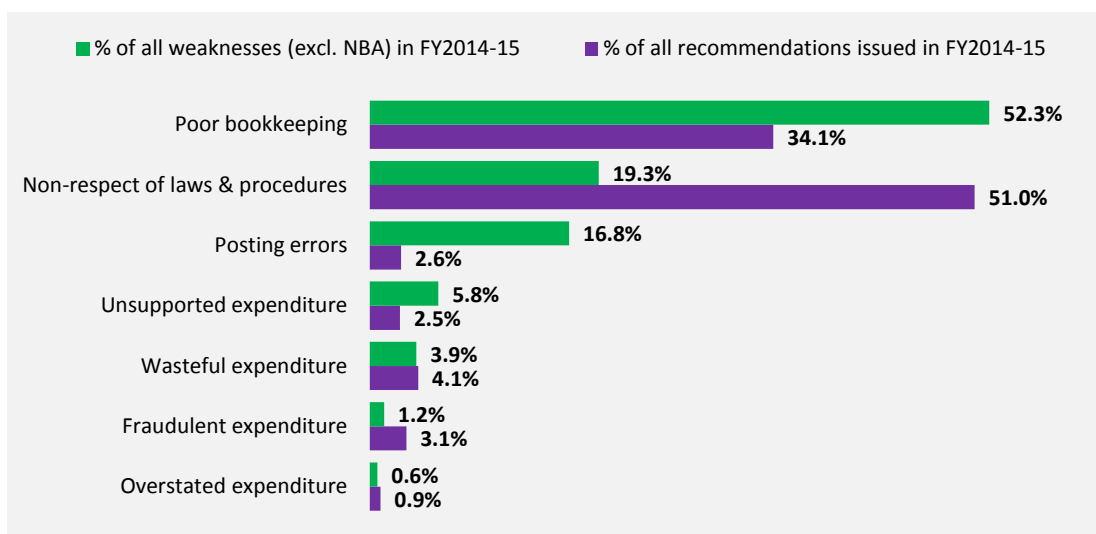
The clear majority of recommendations issued in FY 2015-16 concerned the categories non-respect of laws and procedures and poor bookkeeping (figure 11). The highest level of implementation was achieved for unsupported expenditure, the lowest level for wasteful and fraudulent expenditure as well as for idle funds. Idle funds are, to a significant extent, related to the non-disbursement of VUP funds which is a structural problem that cannot easily be solved by Districts.

**Figure 11: Implementation level by weakness category**



More than half of the amount of weaknesses was assigned to the category of poor bookkeeping in FY 2015-16, but only about one third of the recommendations issued were assigned to this category (figure 12). To the contrary, about one fifth of the amount of weaknesses was assigned to the category of non-respect of laws and procedures, but more than half of the recommendations issued were assigned to this category. Posting errors and unsupported expenditure were underrepresented by recommendations.

**Figure 12: Proportion of number of recommendations issued compared to proportion of amount of weakness per category**



The implementation of audit recommendations is expected to improve the Districts' PFM performance. In our analysis of the OAG district audit reports, we conducted a regression and correlation analysis between the level of implementation of recommendations and change in the amount of weakness to find out whether there is evidence that this expectation is fulfilled in reality.

R squared shows how strong a correlation is: Simply put, an r squared value of 0.1 means that 10% of the effect in the dependent variable (change in amount of weakness) can be explained by the value of the independent variable (recommendations implementation).

P-value: indicator of the statistical significance of the correlation, indicates the probability that the observed significance is by pure chance. By convention, an observed correlation is usually seen as significant when there is a chance of less than 5% that it is by pure chance (p-value lower than 0.05).

This year, the analysis of correlation is based on two datasets. The FY2015-16 data was primarily used, but also combined with data from our previous analysis in the FY2014-15 in order to have more data points and to have a larger basis of information.

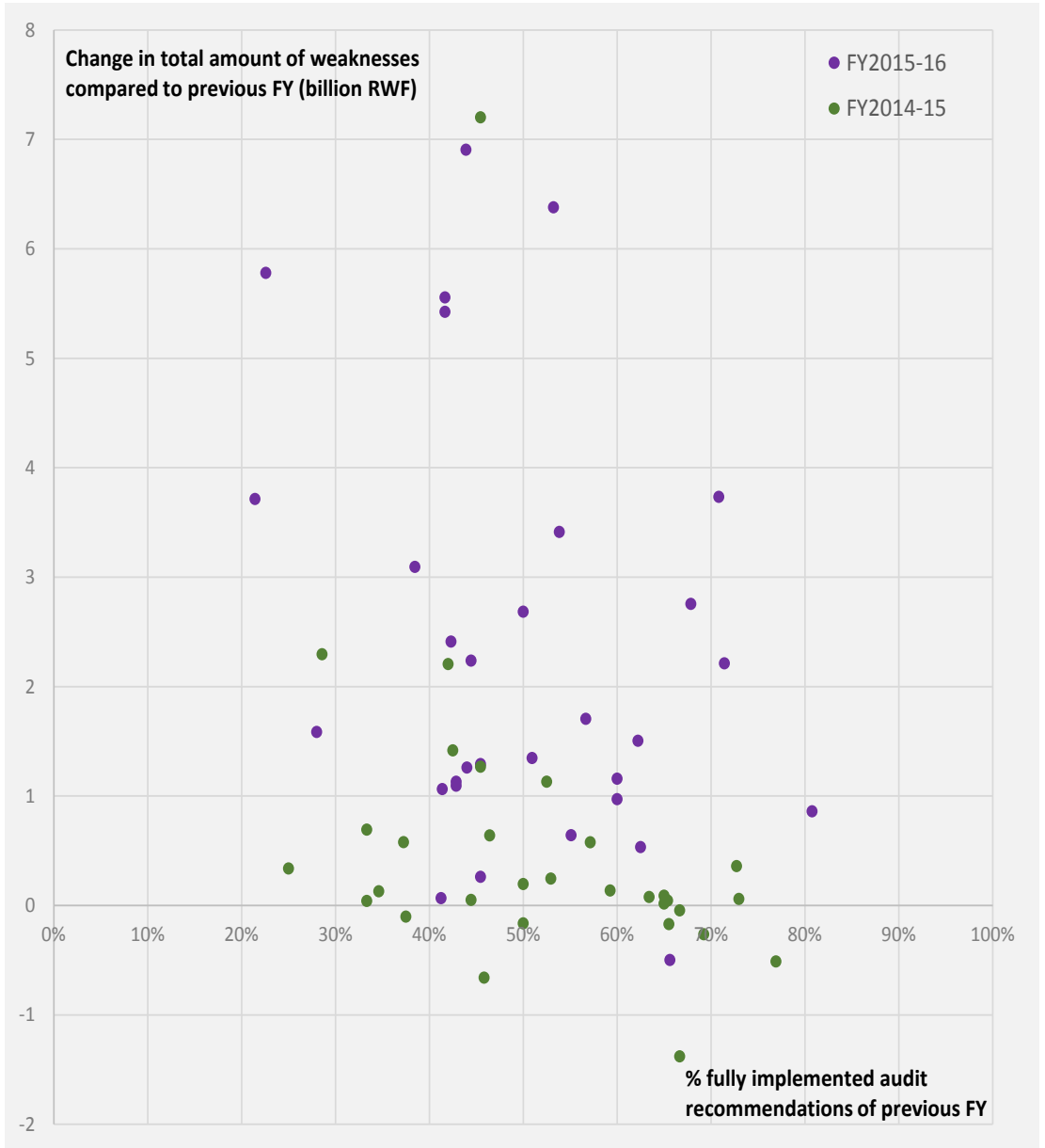
Looking at this year's data alone, no significant correlation could be found at all (see table 45 and figure 13). However, when combining data from the last two years, a significant correlation between recommendations implementation and PFM performance can be assumed. This correlation originates practically only from the categories of non-expenditure related weaknesses and poor bookkeeping. The effect cannot be seen in any other category (see figure 14 and 15).

Even though the correlation is significant, it is very weak. R squared is 0.1 or lower. This means, the PFM performance of a District is only determined by 10% by the implementation of recommendations. This implies that only recommendations in the areas of non-respect of laws and procedures seem to have (a very small) positive effect on the Districts' PFM performance.

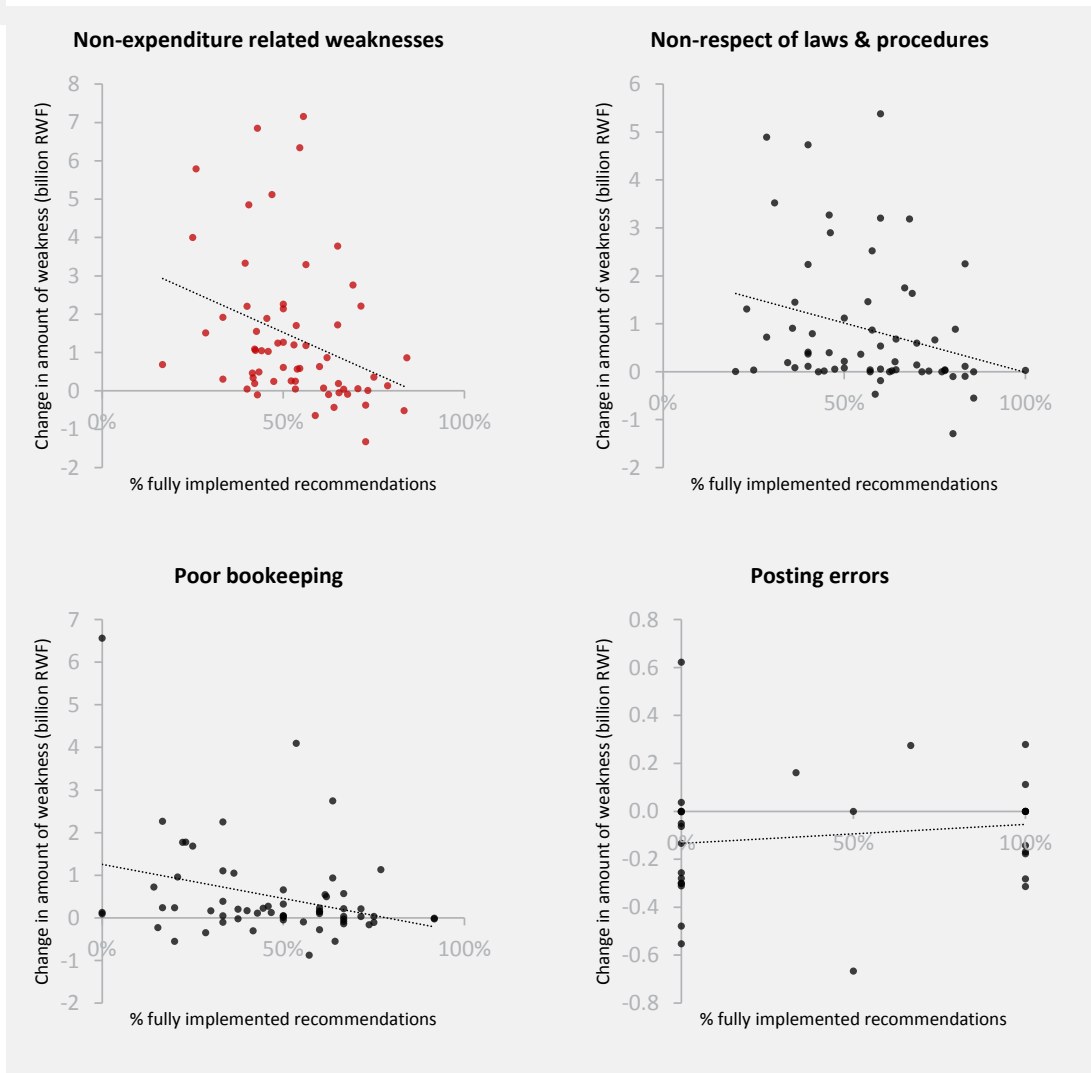
**Table 45: P-values and R squared for linear regression of recommendations implementation and change in amount of weakness compared to previous year per weakness category**

Weakness category	FY2015-16 only		FY2014-15 & FY2015-16 combined	
	R squared	P-value	R squared	P-value
All categories	0.0832	0.1156	0.0919	0.0166
... without outlier (Gasabo FY2014-15)	N/A	N/A	0.0951	0.0156
Expenditure related	0.0000	0.9904	0.0022	0.7276
Unsupported	0.2302	0.0703	0.0254	0.4088
Wasteful	0.0194	0.5163	0.0041	0.6778
Fraudulent	0.0008	0.9053	0.0055	0.6722
Overstated	0.1410	0.4065	0.1393	0.1887
Payment to non- existent staff	N/A	N/A	N/A	N/A
Non-expenditure related	0.0848	0.1120	0.1051	0.0102
...without outlier (Gasabo FY2014-15)	N/A	N/A	0.1312	0.0041
Non-respect of laws and procedures	0.0560	0.1998	0.0739	0.0325
Poor bookkeeping	0.0071	0.6529	0.0931	0.0159
...without outlier (Gasabo FY2014-15)	N/A	N/A	0.0280	0.1970
Posting errors	0.0509	0.2892	0.0204	0.4519

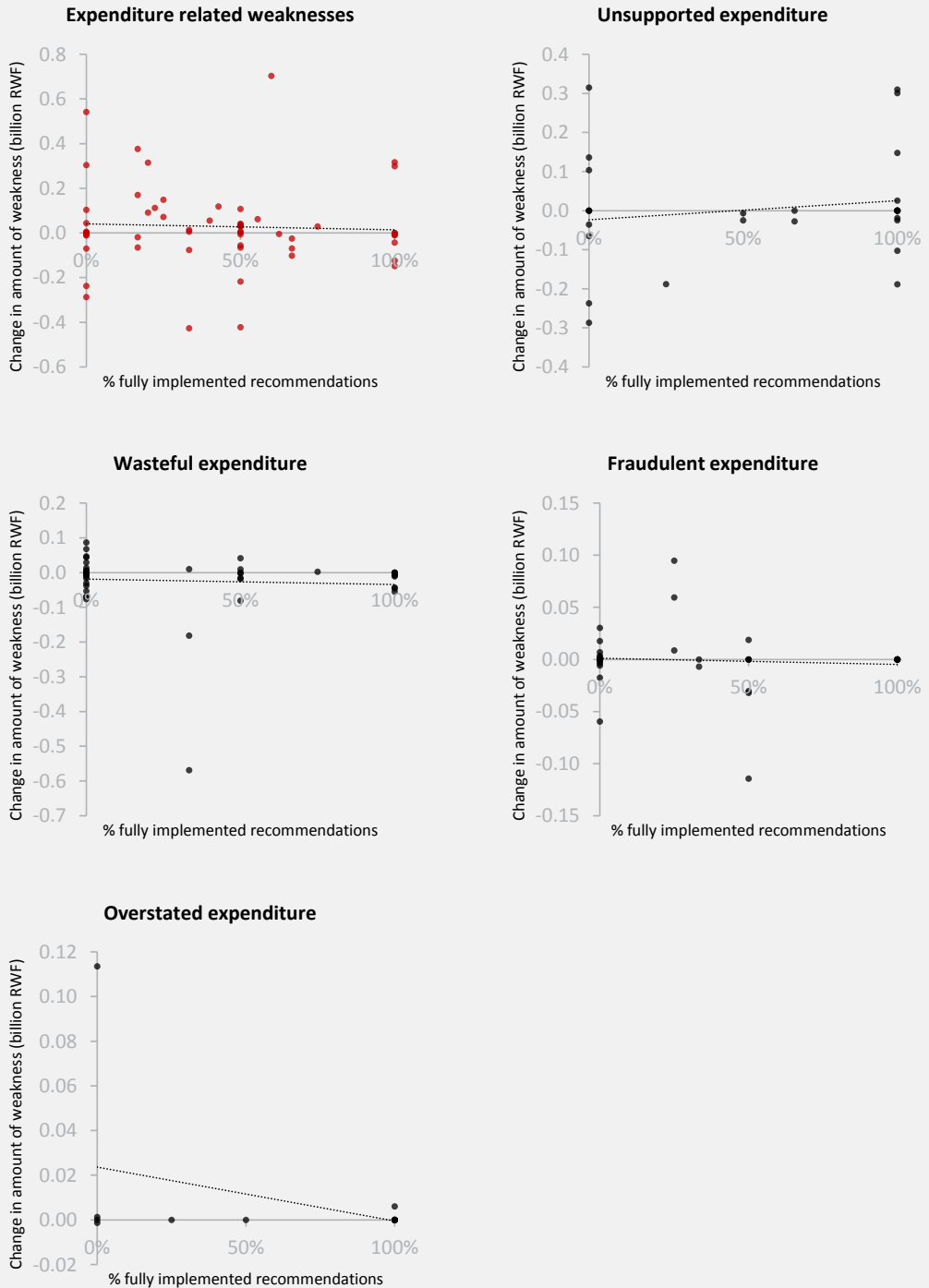
**Figure 13: Correlation of percentage of fully implemented recommendations and change in amount of weaknesses**



**Figure 14: Correlation of recommendations implementation and change of amount of weaknesses for non-expenditure related weakness categories**



**Figure 15: Correlation of recommendations implementation and change of amount of weaknesses for expenditure related weakness categories**



## 6 Recommendations

In order to address identified weaknesses, a couple of actions are recommended as follows:

### ***To the District Management:***

1. The report highlighted a discrepancy of more than RWF 21 billion between transfers from Districts to NBA according to District expenditure and according to NBA revenues. NBA and Districts should work closely together and reconcile the discrepancies between the grant and the transfers from District to Subsidiary Entities;
2. It emerged from the findings that Districts failed to provide relevant documentation on the province investment corporation. Districts councillors should find an avenue of resolving the issue of shares subscribed for commitment to the Province Investment Corporation which is among the important contributors of unsupported expenditure;
3. The idle assets/funds have become a big issue for the FY under review, Districts should make every effort to improve their planning and ensure that feasibility study is available prior to any tender especially for public works;
4. Posting errors and poor bookkeeping remain major weaknesses in the financial management of Districts due to insufficient knowledge in recording financial transactions properly and yet District's financial team receives regular trainings in public financial management. Districts councillors should strive to address the issue of PFM staff turnover which leads to endlessly training of new recruited staff and thus persist in weaknesses;

### ***To MINALOC, MINECOFIN, MININFRA, RPPA, LODA and MIFOTRA:***

5. Unsupported expenditure almost doubled mainly due to unsupported expenditure in public procurement and in investments made by Districts. MINALOC, MINECOFIN, MIFOTRA, RALGA and other PFM stakeholders should strengthen the capacity of District's financial staff in PFM specifically in revenue management, contract management, tax laws and financial reporting. Furthermore, e-procurement and e-filing should be highly supported by various actors of PFM including RPPA to reduce procurement related weaknesses;



6. A cooperation between Districts and RRA is crucial to enable Districts the access to the database of its taxpayers and thus reduce the weaknesses in revenue collection, mostly originating from insufficient information on local tax collection. MINECOFIN, MINALOC should improve the collaboration between District and RRA in terms of tax collection system;
7. The issue of handover of Mutual Health Insurance from the Districts to RSSB should also be addressed to reduce weaknesses related to poor bookkeeping (some bank accounts were not handed over to RSSB and are still managed by Districts. Furthermore, some payables and receivables were handed over to RSSB but without any documentation). MINECOFIN and MINALOC should strive to speed up and finalise the process of handover between Districts and RSSB;
8. Funds meant to support vulnerable persons are kept on the sectors' account for long without being disbursed to intended beneficiaries due to the increase of interest rate of financial services from 2% to 11%. MINECOFIN and MINALOC should review this rate to a decrease if this support is meant to shift the concerned citizens from poverty;
9. The analysis of VUP related weaknesses by category and thematic subcategory shows that unrecovered loans from financial services are tremendous. MINALOC and MINECOFIN should find appropriate strategies to address this issue including to suppress loan for those in the insolvency situation;
10. Putting in place clear frameworks guiding district and provinces on how to carry out their investments;
11. Findings from the analysis should be presented during quarterly PFM working group in order to raise awareness and ownership on the implementation of the audit recommendations;
12. Final report has to be shared and discussed among the representative of the institutions that are undertaking inspections in local governments for information and monitoring purpose;
13. District Internal tender committees should be trained on different technical procurement process mainly on the content of tender document, terms of references, contract management;
14. For the future similar assignment, it would be helpful if TI-RWA will make details analysis focusing on possible underlying root causes of these repetitive PFM weaknesses;

15. District and city of Kigali councillors should be trained in PFM cycle and financial audit in order to perform well their oversight role;

16. Division of labor between District, Contractor, ASSETIP, RPPA, LODA, MINECOFIN and MININFRA should be clearly shared with all concerned institutions in order ensure effective and efficient procurement process, contract management as well as monitoring and evaluation;

***To MINIJUST, PARLIAMENT, NPPA and JUDICIARY***

17. The MINIJUST, Parliament, Judiciary and other stakeholders in the fight against corruption are required to include embezzlement under corruption definition in the new penal code in a bid to reinforce punishments regarding identified economic crimes;

18. The NPPA should make every effort to improve its capacity in the investigation and prosecution of economic crimes. This will help to avoid unfair release of suspects of funds mismanagement due to insufficient knowledge in investigation and prosecution;

## Appendix

### Terms of Reference for a consultancy:

Analysis of Auditor General's report of the decentralized entities for the financial year ended 30th June 2016

**Public Financial Management analyst**

30/05/2017

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#### 1. Background and context of the assignment

Transparency International Rwanda (TI-Rw) analyses the expenditure- and non-expenditure related weaknesses of decentralized entities that are highlighted in the Auditor General's Reports since 2012.

The Government of Rwanda (GoR) recognizes the importance of good public financial management (PFM) as a precondition to achieving the objectives of the second Economic Development and Poverty Reduction Strategy (EDPRS-2) and Vision 2020. The PFM Reform Strategy for 2008-2012 was implemented successfully. Subsequently, the GoR developed a new PFM Sector Strategic Plan (2013-2018) and committed itself to its implementation in order to ensure "efficient, effective and accountable use of public resources as a basis for economic development and poverty eradication through improved service delivery".

Despite the GoR's efforts and investments in improving PFM at all levels, it has been noticed however, that PFM at the level of decentralized entities and the City of Kigali still remains a challenge. Given the success of the previous work done by TI-Rw in terms of analysing the causes of financial and non-financial weaknesses identified in the auditor general's reports of decentralized entities for the previous years, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) would like to continue this successful cooperation also for the analyses of the OAG's reports on the financial and non-financial weaknesses of decentralized entities for the fiscal year 2015/2016.

The scope of this assignment is the *data collection and data analysis of 31 auditor general reports of decentralised entities*. That way, the assignment will contribute to an *unambiguous measurement of the following "Decentralization and Good Governance" (DGG) programme indicators:*

**Module Indicator 2: M2.** "Reduction in overall local expenditures queried by the Office of the Auditor General – Rwanda (OAG) in relation to the overall district expenditures".

**Intervention Field 2, Indicator 2: B2.** "The proportion of implemented recommendations for local financial authorities at the district level arising from all audits has increased by an average of 60%"

## 2. Objectives of the Assignment

The objective of this particular assignment is to collect and analyse data from the OAG's reports of decentralized entities for the fiscal year that ended June 2016. The results of the analysis shall be later used for:

- Serve as a basis to increase the understandability and transparency of the OAG's reports towards the general public as well as Local Government officials;
- Providing reliable information to DGG's monitoring system;
- Evidence-based information for the steering of local PFM activities of the DGG programme and all other local PFM stakeholders;
- Preparing DGG for policy uptake discussions with the relevant stakeholders with active participation of TI-Rw.

## 3. Expected Outputs

The expected outputs of the assignment are:

- A categorization of the expenditures of decentralized entities that lead to complaints by the OAG's reports that allows comparison with the data presented in the previous TI-Rw analyses;
- Raw data in excel spreadsheet or SPSS categorized under the financial and non-financial weaknesses in pre-defined sub-groups;
- A report that compiles and summarizes the results of the OAG's analysis and provides recommendations for quick wins and long-term solutions to improve PFM performance of decentralized entities in the field of expenditures;
- Analysis of the recommendations issued by the OAG in the last fiscal year and the level of their implementation for all 31 decentralized entities;
- A PowerPoint presentation that summarizes the most important findings of the report which can be used in any meetings with relevant stakeholders.

## 4. Methodology for the assignment

The large part of the methodology for this assignment will be standard to the categorization of the AG reports under financial and non-financial weaknesses of the expenditures as outlined below.

The consultant will consolidate and categorize data from the 31 decentralized entities' OAG reports into following sub-groups:

- Unsupported expenditures;
- Wasteful expenditures;
- Overstated expenditures;
- Fraudulent expenditure;

- Unrecorded transactions for Non-Budget Agencies (NBAs)<sup>13</sup>;
- Non-respect of laws and procedures;
- Poor bookkeeping;
- Posting errors.
- Idle assets

Each weakness identified will also be categorized thematically. Thematic categories (e.g. VUP, tax collection, etc.) will be provided by TI-RW at the beginning of the assignment.

In addition, the impact of AG recommendations on the overall level of financial and non-financial weaknesses in the districts will be monitored. For this purpose, the consultant will provide a table that shows the following elements (columns) for each of the decentralized entities:

1. Name of the District
2. Recommendations: The exact text of each recommendation issued to the decentralized entity in last year's OAG report
3. Weakness category: The category of expenditure or non-expenditure-related weakness to which the recommendation can be linked
4. Implementation difficulty category: An assessment of the difficulty of implementation of the recommendation on a scale from 1 to 5 (based on given criteria).
5. Implementation level: the level of implementation of the recommendation (fully implemented, partially implemented or not implemented) according to the report.

A limited number of Focus Group Discussions (FGD) and interviews will be conducted in districts and at the national level to probe numeric data and provide additional explanations within the scope of the study of a qualitative nature. The purpose of the categorization is to determine the likeliness of different types of recommendations to lead to immediate PFM performance improvements of the decentralized entities. A resulting table that indicates the level of implementation of recommendations of different categories for each decentralised entity will be compared with the performance in each weakness category for the respective decentralised entity. This will allow identifying correlations between implementation of recommendations and performance for different thematic types of recommendations.

The categorization of recommendations by difficulty will allow a better understanding of the decentralized units' different levels of implementation. This

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<sup>13</sup>During the stakeholder meeting to collect input on research tools, it should be verified to what extent the problem of unrecorded transactions for NBAs persists and if any further solutions have been implemented since last year.

will be achieved by comparison of the decentralised entities' respective level of implementation of recommendations and the overall difficulty of the recommendations issued.

The consultant will provide TI-RW with the respective tabulations as well as with the raw data as indicated above.

## 5. Major Deliverables of the consultant

- i) Inception report with all steps of the assignment, time plan and methodology of the monitoring of the recommendations for analysis;
- ii) Submit all raw data (in MS Excel or SPSS) generated as part of the assignment (decentralised entities' weaknesses and categorized recommendations for all districts) to TI-RW;
- iii) For each of the decentralized entities submit a data table to monitor recommendations, weakness category, thematic sub-category, implementation difficulty category and implementation level (as specified under point 4);
- iv) Tabulation of the level of implementation of different thematic categories of last year's OAG recommendations with the performance improvements in the different fields of weaknesses for each district. Tabulation of the implementation difficulty level of recommendations and the overall recommendation implementation rate of the districts.;
- v) Conduct five (5) FGDs and five (5) interviews in 5 districts and at least five (5) interviews at the national level to provide qualitative data as an addition to the quantitative categorisation of financial and non-financial weaknesses;
- vi) Consolidated draft report that presents and summarizes the findings (including the results from the activities defined under iii., iv. and v.). The consolidated draft report has to be submitted for internal validation by TI RW;
- vii) Submission of the final draft with the incorporation of comments from the internal validation and Power Point presentation;

### Important notes:

- All deliverables need to be written in English.
- The consultant need to respect the "GIZ DGG-Programme Guidelines for Report and Study Writing (see annex)"

## 6. Required qualification and experience of the consultant

Interested consultants should meet the following minimum selection criteria:

1. At least 5 years of experience in Public Financial Management with a relevant professional record in auditing;
2. Proven record of financial assessments and consultancies for public institutions.
3. Experience in using participative methods, in particular FGDs and interviews.
4. Experience with Local Government/ Auditor General Institutes at a strategic level is an additional advantage.
5. Qualifications: Minimum Master's degree in Business, Management, Accounting, Economics or similar field.
6. Excellent analytical and drafting skills with proven record of report writing.
7. Fluent in English with excellent writing and presentation skills.

## 7. Reporting requirements

<b>Inception Report</b>	Within five (5) days after signing the contract
<b>Submission of tabulations of raw data from 31 AG reports</b>	Within fifteen (15) days after signing the contract
<b>Submission of transcripts of FGDs and interviews</b>	Within twenty five (25) days after signing the contract
<b>Submission of the draft report</b>	Within forty (40) days after signing the contract
<b>Submission of final report and Power Point presentation</b>	Within forty two (42) days after signing the contract

## 8. Period of the assignment:

All activities and deliverables are to be completed within forty-two (42) working days from the date of the official signing of the contract.

Interested consultants should submit their CVs (max. 4 pages) and financial offer via email to [info@tirwanda.org](mailto:info@tirwanda.org) not later than **30/ 06/ 2017**.

For further information about the assignment, please contact Rwego Albert; [albert.rwego@gmail.com](mailto:albert.rwego@gmail.com).

Done in Kigali,

30/05/2017

**Apollinaire Mupiganyi**



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