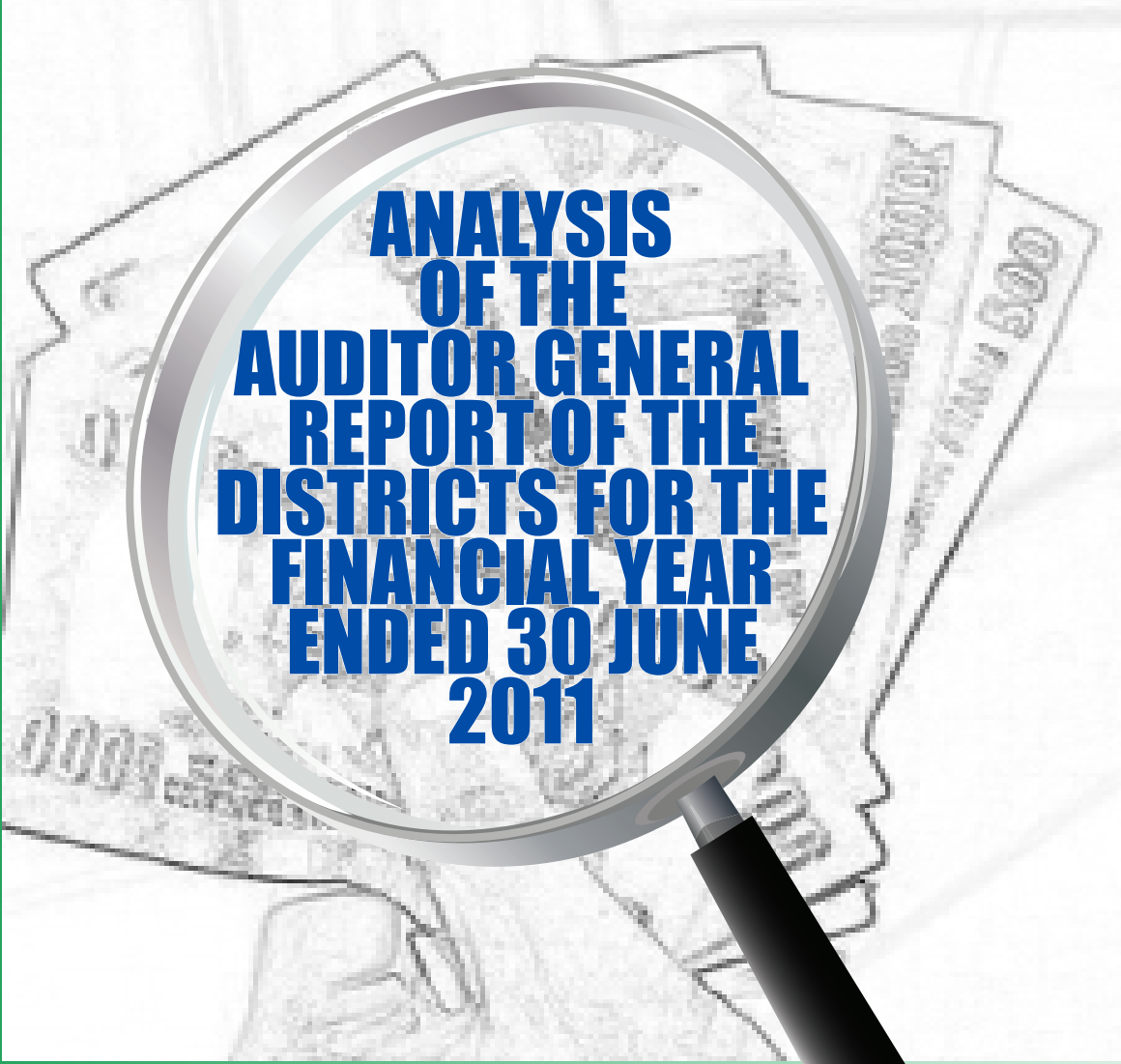




**TRANSPARENCY
INTERNATIONAL
RWANDA**



**ANALYSIS
OF THE
AUDITOR GENERAL
REPORT OF THE
DISTRICTS FOR THE
FINANCIAL YEAR
ENDED 30 JUNE
2011**

February 2013

Transparency International Rwanda

P.O. Box. 6252 Kigali, Rwanda

Tel: +250 (0)2 55111235 / 0788309583

Toll free: 2641 (to report cases of corruption),

E-mail: info@tirwanda.org

Website: www.tirwanda.org



Acknowledgement

In line with its mission of “fighting against corruption through enhancing integrity values in the Rwandan society”, Transparency International Rwanda (TI-Rw), scrutinizes Audit General Reports to better understand the challenges highlighted and provides recommendations to address them.

This time TI-Rw, with support from GIZ, has analyzed the reports for the financial year ended in June 2011 for all districts. Though some districts have improved their financial management performance since we started this exercise in 2008, and therefore need to be praised, our latest analysis shows that no district was entirely clean in terms of accounting and administrative anomalies as well as procurement procedure irregularities.

In the reports scrutinized, many complaints were raised by the Auditor General involving not less than Rwf 70,391,299,441. This is a huge amount of money which was mismanaged, lost or not accounted for. The Auditor General report is extremely important as it is a key tool to improve how this money is used at District level, as it is Rwandan citizens’ money which should be spent for the benefit of the entire population. Rwanda simply cannot afford such funds to be lost.

In our analysis we grouped the complaints raised by the Auditor General into two main categories: complaints related to expenditures and not related to expenditures. This quantitative analysis was complemented by a qualitative approach and focus group discussions with District staff, as well as by interviews with the National Prosecution Authority and the National Police. This approach allows to compare performances among districts and over the years, while at the same time permitted us to elaborate recommendations on how to improve financial management at District level.

The purpose of the analysis is to make available accurate data on selected indicators which will help to regularly monitor the progress (for the best or the worst) of the Districts in their public finance management. At the same time, this Analyze aims to explain in a simple way the results of the Auditor General Report and to disseminate such results to the wider public. Because we at TI-Rw believe that if ordinary citizens understand and monitor how Districts spend their funds, then public money is more likely to be spent for the benefit of all Rwandans.

Marie Immaculée Ingabire
Chairperson of TI-Rw



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Executive Summary

In line with its mission of “fighting against corruption through enhancing integrity values in the Rwandan society”, TI-Rw, scrutinizes Audit General Reports to better understand the challenges highlighted and provides recommendations in order to address them in the next financial year.

The present analysis has looked at the reports for the financial year ended in June 2011 for all districts. Though some districts are commendable for financial management improvement year per year since we started this exercise (see the Transparent Magazine nr 11 and 12 issued in 2011), from the present analysis it emerges that no district was entirely clean in terms of accounting and administrative anomalies and procurement procedure irregularities.

In the reports scrutinized, many complaints were raised by the Auditor General involving huge amounts of money. It was important to analyze these complaints and group them in categories in order to facilitate the analysis and comparison both among districts and over the years in terms of their performance.

The methodology used was mainly based on classifying the complaints into two categories: **complaints related to expenditures and not related to expenditures**. Furthermore, a qualitative approach has been used to capture opinions of districts staff in regards to those anomalies and the strategies taken to address them. Thus, five focus group discussions (FGD) were held in districts purposely selected for the extent of irregularities identified and keeping in mind the geographical balance: Nyarugenge (Kigali city), Gisagara (Southern province), Rubavu (Western province), Musanze (Northern province) and Bugesera (Eastern province). Interviews with the National Prosecution Authority and with Rwanda National Police were also held.

In the first category, **expenditure-related complaints**, we grouped the anomalies that created or that could create the loss or misuse of money which involve transactions that engage funds.

It's in this category that we find the complaints of mismanagement in general, violation of procedures which resulted in loss or misuse of funds and activities implemented while were not planned for the year. These complaints amount overall to **Rwf 21 869 752 057** from 27 districts involved in these irregularities (three Districts: **Musanze, Nyaruguru and Ruhango** did not register any complaints of this kind which is a commendable achievement, while among the other 27 the four best ones are **Nyamasheke, Ngoma, Gakenke and Rwamagana**, with amounts of expenditure-related complaints lower than Rwf 10,000,000). The four worst performing districts in this category are Rubavu (**Rwf 3,030,207,426**), Nyanza (**Rwf 2,941,778,965**), Gatsibo (**Rwf 2,383,085,911**) and Nyarugenge (**Rwf 2,315,578,016**) with amounts above 2 billion.

The second category, **non expenditure-related complaints**, includes irregularities which did not engage public funds. In this category we can list accounting anomalies such as posting errors and wrong financial reports, administrative and procedure errors and activities which were not implemented while they had been planned.

Complaints in this category amount overall to **Rwf 48,521,547,384** for the 30 districts. The worst performing District is again Rubavu (**Rwf 3,179,181,617**), followed closely by Nyarugenge (**Rwf 3,072,498,126**), while a negative performance was also registered in Kicukiro (**Rwf 2,890,886,576**), Rusizi (**Rwf 2,560,147,721**), Rutsiro (**Rwf 2,522,670,578**) and Gisagara (**Rwf 2,518,475,639**).



The best District is Karongi (**Rwf 190,618,911**) while other Districts whose anomalies were worth less than 1 billion include Kayonza (**Rwf 538,652,109**), Gatsibo (**Rwf 617,175,430**), Kamonyi (**Rwf 637,377,930**), Nyabihu (**Rwf 736,227,248**) and Bugesera (**Rwf 743,152,272**).

It is interesting to point out that, with the notable exception of Rubavu which was the worst performer in both categories, other Districts which perform well on expenditure-related irregularities do not necessarily perform well in the other category and the same is true for the worst performers; indeed, Gatsibo was at the same time one of the worst on expenditure-related complaints and one of the best on non expenditure-related complaints. The analysis of this second category of complaints calls for capacity building in public finance management for all districts because those anomalies are mainly due to low capacity in public finance management (PFM).

Looking at all anomalies, complaints in the two categories amount overall to Rwf 70,391,299,441 for the 30 districts, which is a very huge amount of money. However, some districts are performing well while others need to do much more to comply with the law on PFM.

Thus, Karongi (Rwf 383,269,367) emerges as the best performing District overall, while it is noticeable that Kayonza (Rwf 856,674,168), Kamonyi (Rwf 942,418,251) and Bugesera (Rwf 945,385,077) also had overall complaints worth less than 1 billion.

On the less positive side, Rubavu (Rwf 6,209,389,043) appears as the worst performer, an obvious consequence of the fact that it is at the bottom of the ranking for both categories of complaints, followed by Nyarugenge (Rwf 5,388,076,142) and Nyanza (Rwf 4,786,385,193).



1. Background

The Rwandan Government recognizes the importance of good PFM as precondition to achieving EDPRS objectives and Vision 20/20. It developed the PFM Reform Strategy for 2008-2012 and committed to its implementation so that by the end of 2012, an “enhanced PFM system that is efficient, effective and transparent” is in place. However, PFM at the district level still remains a challenge. This was just recently confirmed again when the Auditor general reports for all districts for the financial year ended June 2011 were published and none of the districts received a clean audit bill.

In line with its mission of “fighting against corruption through enhancing integrity values in the Rwandan society”, Transparency International Rwanda (TI-RW), scrutinizes Audit General Reports in order for the common citizen to better understand the challenges highlighted in the report and provides recommendations to address them in the next financial year.

With the support of GIZ, TI-RW has analyzed the Auditor General report for the financial year ended in June 2011 for all districts.

2. Objective

The purpose of this analysis is to make available accurate data on selected indicators which will help to regularly monitor the progress (for the best or the worst) of the districts in PFM through annual comparison of Audit General Reports.

More specifically, this analysis of the Auditor General report on the financial year ended on 30th June 2011 on all districts intends to make available data which should be used as:

- 1) Baseline for the Decentralization and Good Governance Program.
- 2) Evidence based information for the steering of the fiscal decentralization component of the GIZ Good Governance Program.
- 3) Evidence based data to be used by TI-RW and other stakeholders to monitor and improve District performances.

3. Methodology

For this assignment to be done properly, all Auditor General Reports of the 30 districts have been analyzed. TI-Rw research team developed indicators on PFM which will facilitate an easy tracking of any improvement or worsening of the districts PFM as reported by the Auditor General every year. The indicators and their sub-indicators developed in this regard are the following:

- **Expenditures-related complaints disaggregated by the following sub-indicators:**
 - * Misuse or embezzlement of funds
 - * Mismanagement of funds
 - * Non respect of procedures
- **Non Expenditure – related complaints disaggregated by the following sub-indicators:**
 - * Posting errors
 - * Wrong financial statements
 - * Poor bookkeeping
 - * Non-respect of laws and procedures



4. Findings of the analysis of the Auditor General Report

As mentioned above, in the analysis of the Auditor General report for the financial year ended June 2011, all complaints were grouped into two main categories referring to their nature.

4.1. Expenditure-related complaints

This analysis exposes the amount of **Rwf 21,869,752,057** that were lost or mismanaged in 27 districts as a result of **embezzlement, mismanagement, procedure errors and so on**. Only three districts (**Musanze, Nyaruguru and Ruhango**) did not register any complaints of this kind:

N#	DISTRICT	AMOUNT in Rwf
1	MUSANZE	0
2	NYARUGURU	0
3	RUHANGO	0
4	NYAMASHEKE	2,825,557
5	NGOMA	8,764,847
6	GAKENKE	8,932,333
7	RWAMAGANA	9,907,536
8	MUHANGA	25,683,843
9	GISAGARA	56,272,000
10	GICUMBI	73,125,530
11	RULINDO	142,394,607
12	KARONGI	192,650,456
13	NYAGATARE	202,023,049
14	BUGESERA	202,232,805
15	KAMONYI	305,040,321
16	KAYONZA	318,022,059
17	NGORORERO	329,546,577
18	KICUKIRO	598,906,328
19	GASABO	643,367,808
20	NYABIHU	723,308,436
21	HUYE	762,562,646
22	BURERA	941,073,291
23	RUTSIRO	1,132,621,669
24	RUSIZI	1,392,723,723
25	KIREHE	1,544,507,608
26	NYAMAGABE	1,582,608,710
27	NYARUGENGE	2,315,578,016
28	GATSIBO	2,383,085,911
29	NYANZA	2,941,778,965
30	RUBAVU	3,030,207,426
	TOTAL	21,869,752,057

Table 1: Expenditure-related complaints



a. Misuse or embezzlement of funds

A first sub-category of expenditure-related complaints includes cases where money was misused or embezzled by different district staff without complying with the regulations.

For example:

In Kicukiro District, funds worth Rwf 66,169,071 were withdrawn from the Kigarama sector bank account opened in Ecobank without any supporting document; the withdrawal was made by the former accountant who forged the signature of the Executive secretary .

Another example is the misuse of the financial service projects funded by VUP, a public poverty-reduction programme, where the funds were given to three financial service beneficiary groups but activities in which funds were disbursed no longer existed during the audit and yet the loan repayment had not been finalized.

If we look in general at this kind of complaints, we find out that nearly 4,920,306,697 Rwf were misused in one way or another and if we compare the districts involved the picture is as follows.

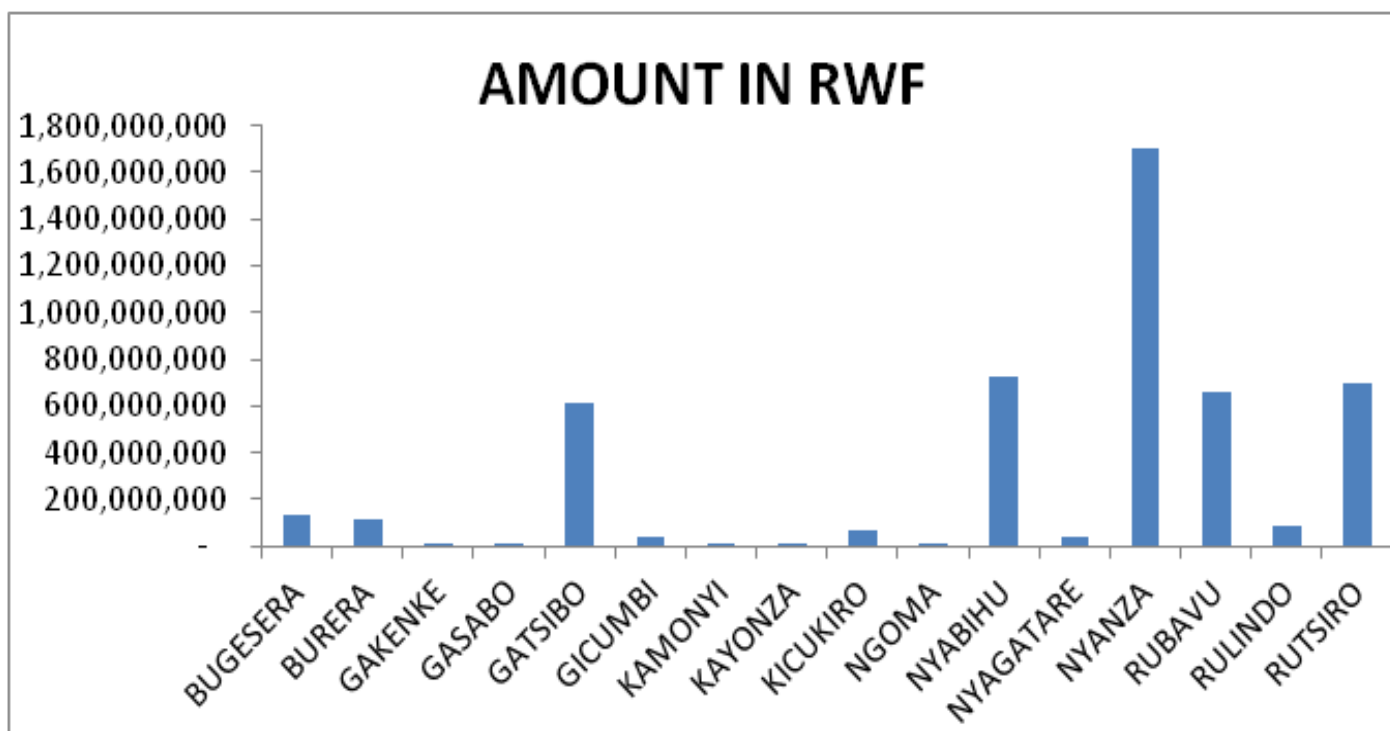


Figure 1: Misuse or embezzlement of funds

Among Rwanda’s 30 districts, 16 were involved in this kind of misuse which can be qualified as embezzlement. For some transactions there were no supporting documents or their traces could not be found. The most affected districts are Nyanza, Nyabihu, Rutsiro and Gatsibo with an amount of Rwf 1,704,530,823, Rwf 723,308,436 Rwf, 700,308,331 and Rwf 611,619,158 respectively .

b. Mismanagement of funds

If we look at mismanagement-related complaints, the figure increases considerably as we have Rwf 11,199,900,180. This is mainly a consequence of the issue of non respect of the rules and laws in place and often translates in penalties or loss of money for the districts.



For example:

The district of Kirehe incurred expenditures of Rwf 609,214,451 without sufficient supporting documents like purchase orders, purchase invoices, contracts, good delivery notes, mission reports, attendance lists, reports, provisional reception, performance guarantee etc. As a result, failure to adequately support these expenditures is an indication that inappropriate expenditures may have incurred. Thus it's difficult to verify the authenticity of the expenditures.

Another example is that benefits and bonuses of Rwf 33,536,350 were unduly paid to Rusizi district staff as 13th month salary bonus, yet this was not legal and the beneficiaries should refund the money but the balance was not presented in financial statements.

Another form of mismanagement occurs in cases where the district fails to monitor the project/activities in place where some contractors delay to deliver and these results in districts' loss but the latter does not comply with the law to charge the former with penalties. This is the case of the construction of the Rubona market, which registered a 123 day delay, and of the construction and rehabilitation of the Musha Memorial Center, yet the contractor was not charged penalties for the delays.

Comparing districts involved in mismanagement, the figure appears as follows:

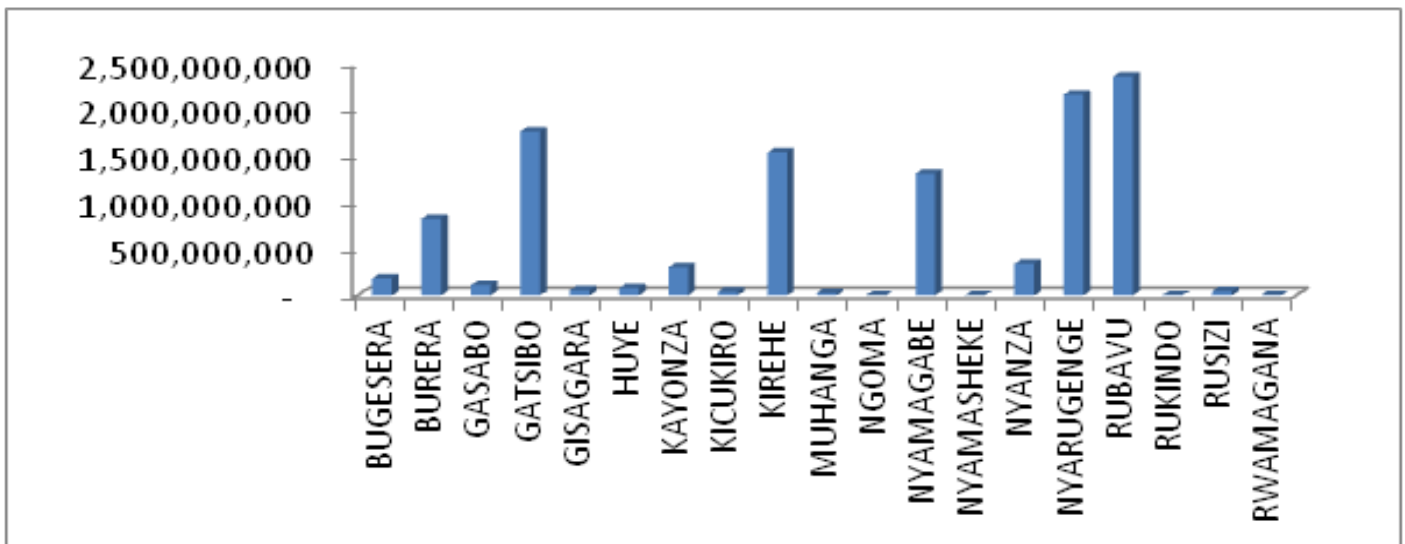


Figure 2: Mismanagement of funds

More than half of the 30 Rwandan districts were affected by the issue of mismanagement. This results in the loss of public funds. The most affected districts are Rubavu, Nyarugenge, Gatsibo, Kirehe and Nyamagabe with an amount of Rwf 2,366,198,519, Rwf 2,169,626,470, Rwf 1,771,466,753, Rwf 1,544,507,608 and Rwf 1,315,277,608 respectively.

c. Non respect of procedures

The other reason behind the loss or mismanagement of public fund in districts is the non respect of procedures by district staff and authorities. This results mainly in the lack of appropriate documents, non-signed documents and violations of rules and procedures.



In the report of the Auditor General some cases were raised such as:

1. Gasabo district signed a contract of Rwf 117,522,400 with COATB-Gasabo to carry out construction works to eradicate Nyakatsi in Ndera sector. However, this tender was awarded without involving the Internal Tender Committee and the contractor failed to perform the works while no performance security was provided.
2. In Huye district, an amount of Rwf 684,296,854 was paid without supporting documents. Thus, the validity and accuracy of this amount payment cannot be ascertained.
3. The tenders are awarded without the performance security being provided by the contractor to the District.

Comparing districts in terms on non respect of procedures and rules, the figure appears as follows:

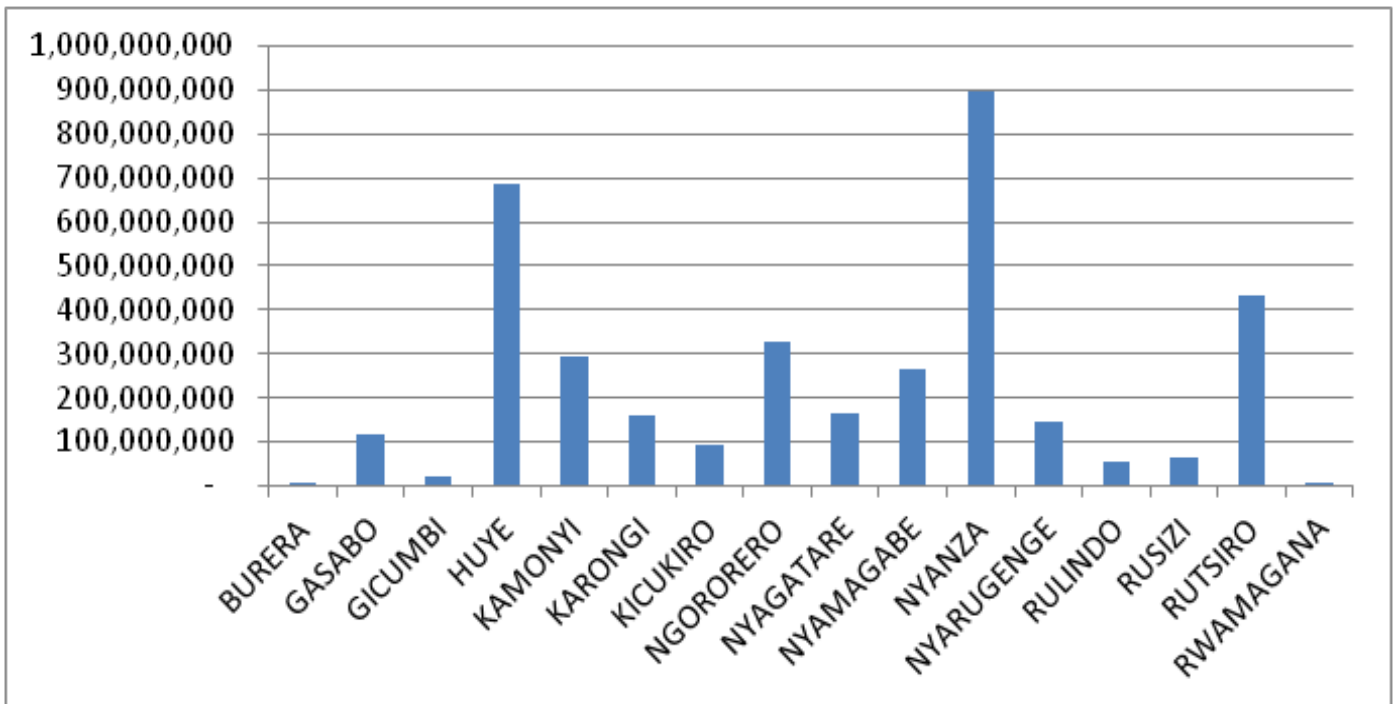


Figure 3: Non respect of procedures

Among the 30 districts existing in Rwanda, 16 were affected by the issue of non respect of procedures and rules which resulted in the loss of public funds amounting to **Rwf 3,731,262,808**.

The most affected districts are Nyanza, Huye, Rutsiro and Ngororero with an amount of Rwf 896,365,268, Rwf 684,296,854, Rwf 432,313,338 and Rwf 329,546,577 respectively.

Non respect of procedures is also witnessed in public procurement procedures. This is not only limited to delays in handover of the projects performed but also includes cases in which the penalties provided by the law are not applied, or in which the internal tender committees award different tenders to bidders who did not submit the required documents such as notarized tax clearances, notarized trading license and clearance certificate from the Social Security Fund of Rwanda and Performance security.

The Auditor General Report raised many cases of another kind of non respect of procedures, namely when tenders were awarded while they had not been included in the approved annual procurement plan; this amounts to **Rwf 2,129,813,669**.



The tenders outside of the procurement plan may result in misuse of district resources and this may ultimately lead to spending funds on unplanned expenditures and thus disrupt the implementation of intended government priority programs.

If we look at tenders awarded and executed while not being included in the approved procurement plan for the financial year 2010/2011, this amounts to Rwf 2,129,813,669 shared among only 5 districts.

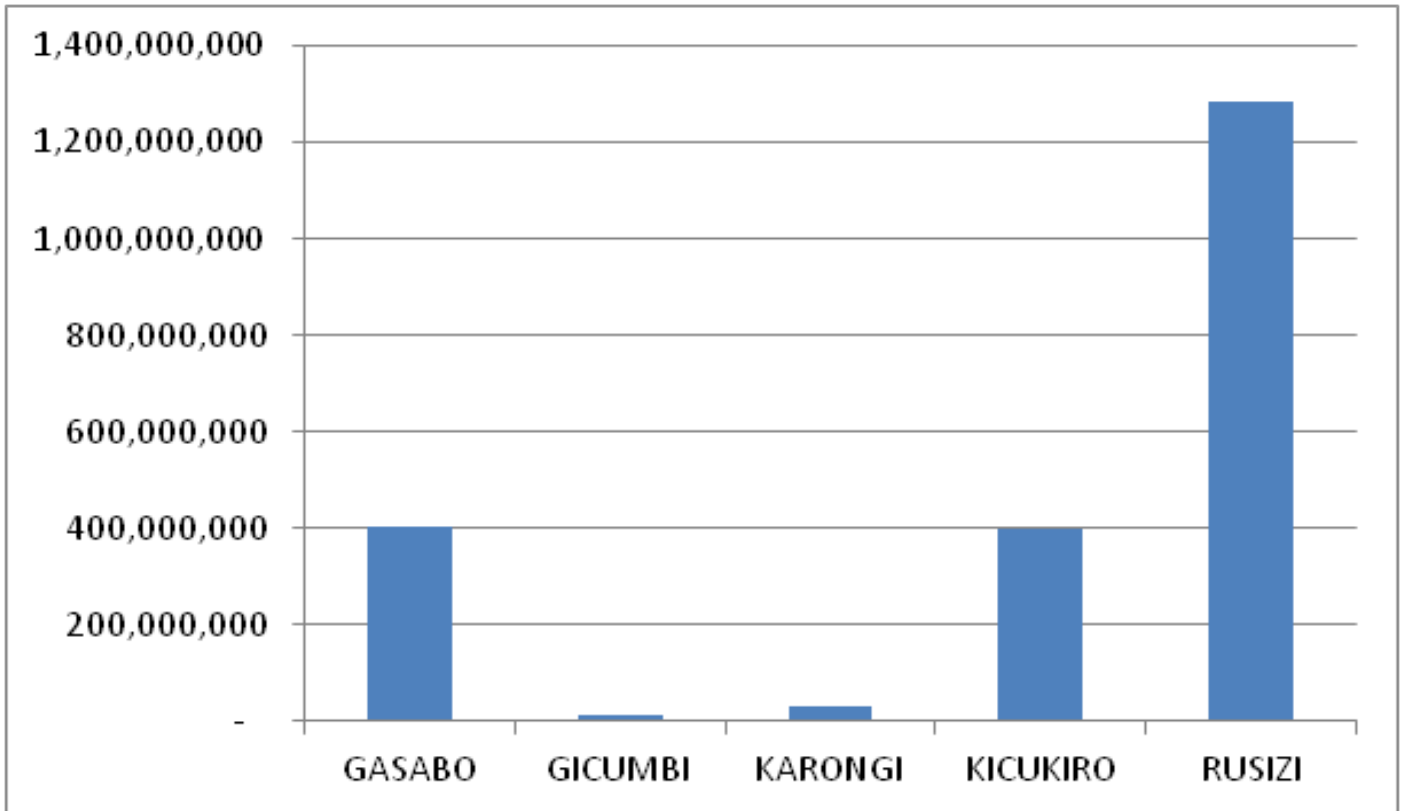


Figure 4: Tenders awarded even though they were not included in the annual procurement plan

The most affected is Rusizi district with an amount of Rwf 1,282,963,813 followed by Kicukiro and Gasabo with an amount of Rwf 398,281,892 and Rwf 403,434,744 respectively; both are districts of Kigali city.

4.2. Non expenditure-related complaints

During the analysis of the Auditor general report, it was important to identify some complaints made but that did not engage expenditures by the districts. Indeed an accountant may post amounts in the wrong account or write wrong figures which may result in wrong financial statements and sometimes the authorities disregard some regulations and rules or may ignore some recommendations which may result in a failure or a delay to perform some important activities but all these faults do not engage public funds. In this complaints category there are accounting and administrative irregularities. Among the accounting anomalies, the report includes posting errors, wrong financial statements and poor bookkeeping while administrative errors include non respect of laws and procedures and skipping annually planned activities.



The total amount for this category is Rwf 48,521,547,384 for the 30 districts as detailed in the following Table 2:

N#	DISTRICT	AMOUNT in FIGURES
1	KARONGI	190,618,911
2	KAYONZA	538,652,109
3	GATSIBO	617,175,430
4	KAMONYI	637,377,930
5	NYABIHU	736,227,248
6	BUGESERA	743,152,272
7	GASABO	908,951,462
8	MUSANZE	1,233,209,499
9	GICUMBI	1,266,933,023
10	KIREHE	1,269,981,105
11	RWAMAGANA	1,290,263,081
12	HUYE	1,327,461,856
13	NGOMA	1,366,719,578
14	GAKENKE	1,370,184,625
15	BURERA	1,437,754,519
16	NYURUGURU	1,559,838,420
17	NYAGATARE	1,629,499,092
18	RUHANGO	1,830,796,065
19	MUHANGA	1,837,881,183
20	NYANZA	1,844,606,228
21	NGORORERO	1,932,949,506
22	RULINDO	2,057,528,660
23	NYAMASHEKE	2,067,944,926
24	NYAMAGABE	2,081,980,399
25	GISAGARA	2,518,475,639
26	RUTSIRO	2,522,670,578
27	RUSIZI	2,560,147,721
28	KICUKIRO	2,890,886,576
29	NYARUGENGE	3,072,498,126
30	RUBAVU	3,179,181,617
	Total	48,521,547,384

Table 2: Non expenditure-related complaints



a. Posting errors

These are found in all districts and the complaints related to this anomaly raised in the Auditor General report amount to **Rwf 41,879,429,211**. Most of these anomalies are characterized by unrecorded transactions for non budget agencies (NBA) within the district, difference between goods and services as per financial statements and as per budget execution report, wrongly done bank reconciliation, double recorded transactions etc.

The following figure displays the incidence of posting errors for each district:

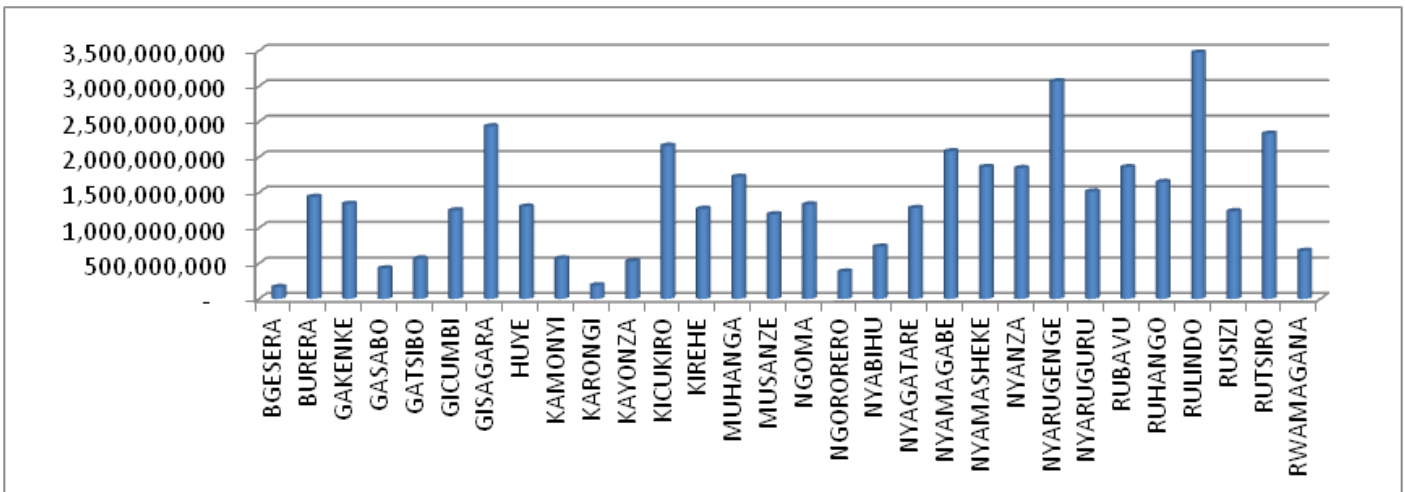


Figure 5: Posting errors

As displayed on this graph, it's clear that no district was free from anomalies of wrong posting of operations. The most affected is Rulindo and the least affected is Bugesera with amount of Rwf 3,473,841,416 and Rwf 165,145,298 respectively.

b. Wrong financial statements

It's logical that each accounting error has a negative effect on the financial statements as the latter do not show a true and fair picture of the financial position of the entity. In this particular case, we pointed out all anomalies that resulted in unfair financial statements during the year ended in June 2011 as raised by the Auditor General report.

The following are some cases raised in some districts that had a negative effect on the financial statements of the district involved:

1. The total expenditure in the financial statements differed from that in the budget execution. This is the case in Kicukiro district where the management could not reconcile the difference of Rwf 658,183,011.
2. Some liabilities were not disclosed in the financial statement for the concerned period.
3. In other cases, the creditor balances and respective expenditures accounts as of 30 June 2011 were understated to the tune of undisclosed balance and thus the financial statements as of 30 June 2011 are misstated.

These anomalies resulted in the non compliance with article 70 of organic Law No 37/2006 of 12 September 2006 on state finances and property .¹

¹Budget recipient entities, local administrative entities and other public bodies shall submit annual reports on the financial statements, including the reports of subordinate organs. Where necessary, the accounts report shall indicate a detailed and complete bank reconciliation statement. The accounts report shall include all revenues collected or received and all expenditures made during the fiscal year, as well as a statement of all outstanding receipts and payments before the end of the fiscal year. The accounts report shall be submitted to the Minister in a period of one month from the end of the fiscal year.



The figure below shows the districts which were affected by these anomalies during the year ended in June 2011.

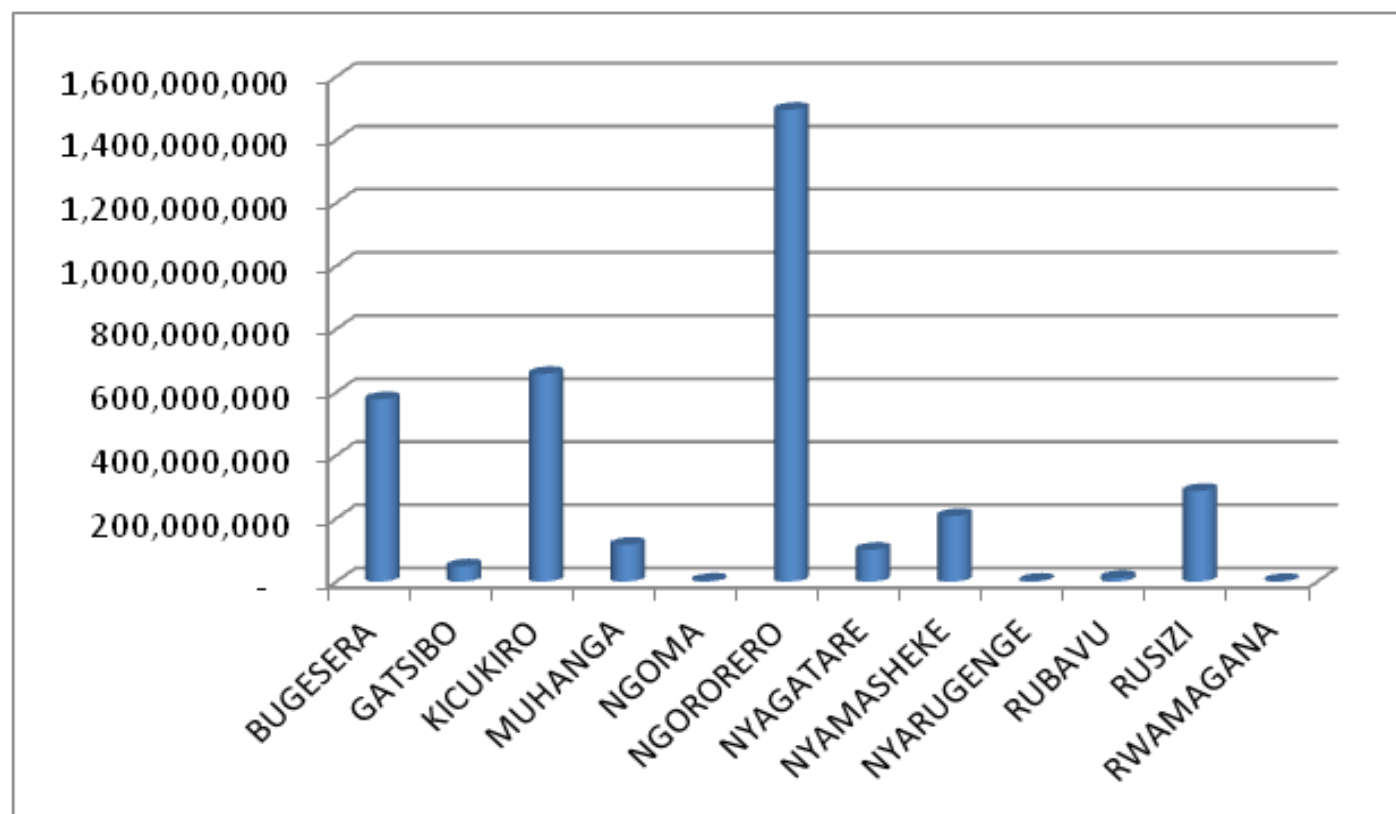


Figure 6: Wrong financial statements

The total of this anomaly amounted to Rwf 3,513,623,991 and the most affected District is Ngororero with an amount of Rwf 1,495,049,572.

c. Poor bookkeeping

The failure to book keeping was noted in different districts and includes poor filing and missing or incomplete documents. It's imperative that the District management ensures that all transactions recorded in books are adequately supported by reliable and verifiable documents.

The following are some examples of these anomalies:

1. Gasabo District made some transfers of Rwf 322,569,467 to sectors and they were not supported by utilization reports at the time of audit.
2. Kicukiro district recorded creditors in its accounting books without any supporting documents.
3. In Rwamagana District, funds and grants worth Rwf 218,530,948 were received from other entities and were not sufficiently supported by a transfer note or letter describing the purpose of the funds, MoU/ Agreement signed between the district and those entities and those transfers were recorded in general ledger using bank statements.



The following figure displays the incidence of poor bookkeeping as it happened in the various districts.

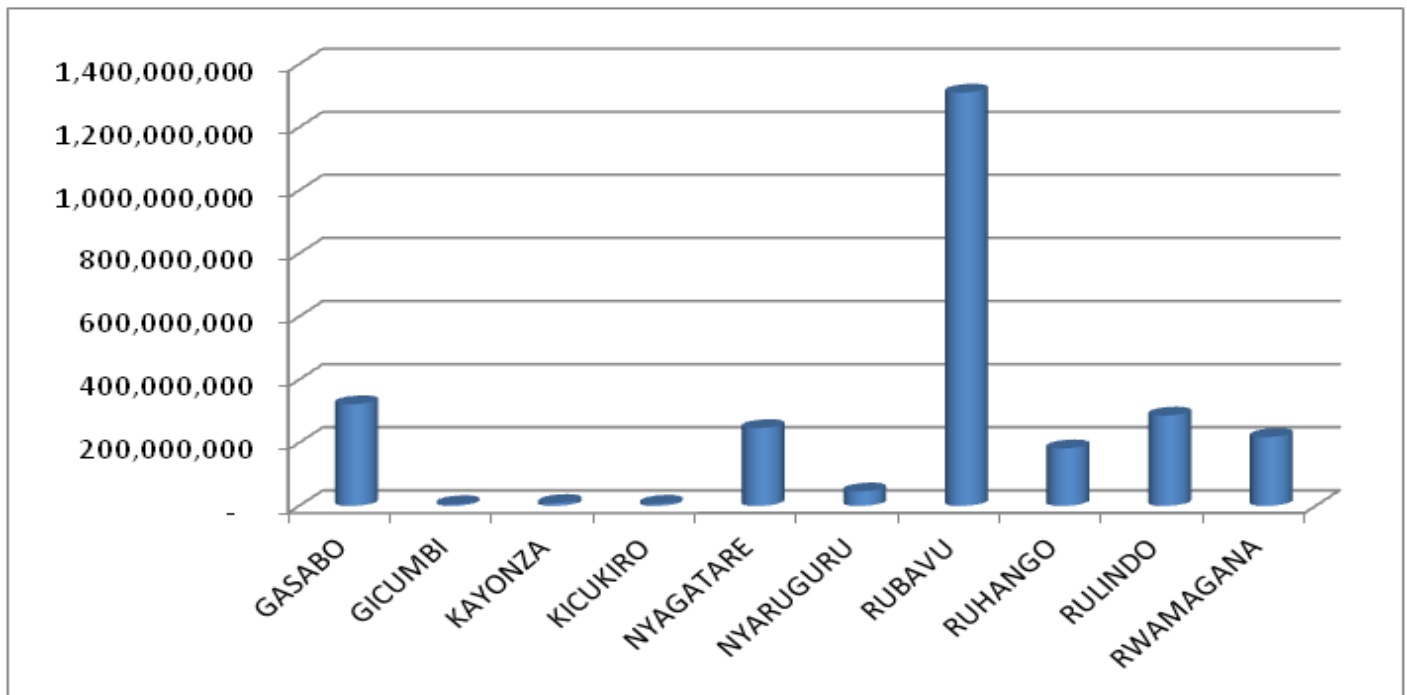


Figure 7: Poor bookkeeping

The total of this anomaly amounted to Rwf 3,513,623,991 within 10 districts, the most affected one being Rubavu with an amount of Rwf 1,310,389,088.

d. Non-respect of laws and procedures

In this case, many evidences were gathered in the Auditor General Report as some districts officials did not comply with regulations in place. As a result, some activities were not implemented or were implemented without respecting laws and instructions.

Here are some of the examples:

1. The district notified successful and unsuccessful bidders of the provisional outcome of the bid evaluation for tenders after the validity period of the bid had expired. This was the case in Gisagara.
2. The period allocated to the preparation of tenders is 30 days according to the law but the district allotted 11 days for one tender and 7 days for another one. This is the case in Huye.
3. The district did not transfer the 20% of total contributions of *mutuelle de santé* (community-based health scheme) and its own contribution to pooling risk account as per Ministry of Health instructions. This was the case in Kicukiro.

Additional to these kinds of non compliance with instructions, the Auditor General report pointed out cases where some districts failed to award some tenders which were included in the approved annual procurement plan for the year ended in June 2011. The failure to award the planned tenders meant that the related activities were not carried out by the district as planned. This is the case of Rusizi district where eight planned tenders worth Rwf 1,036,400,000 were not awarded.



The following table displays the districts that were involved in non respect of laws and procedures.

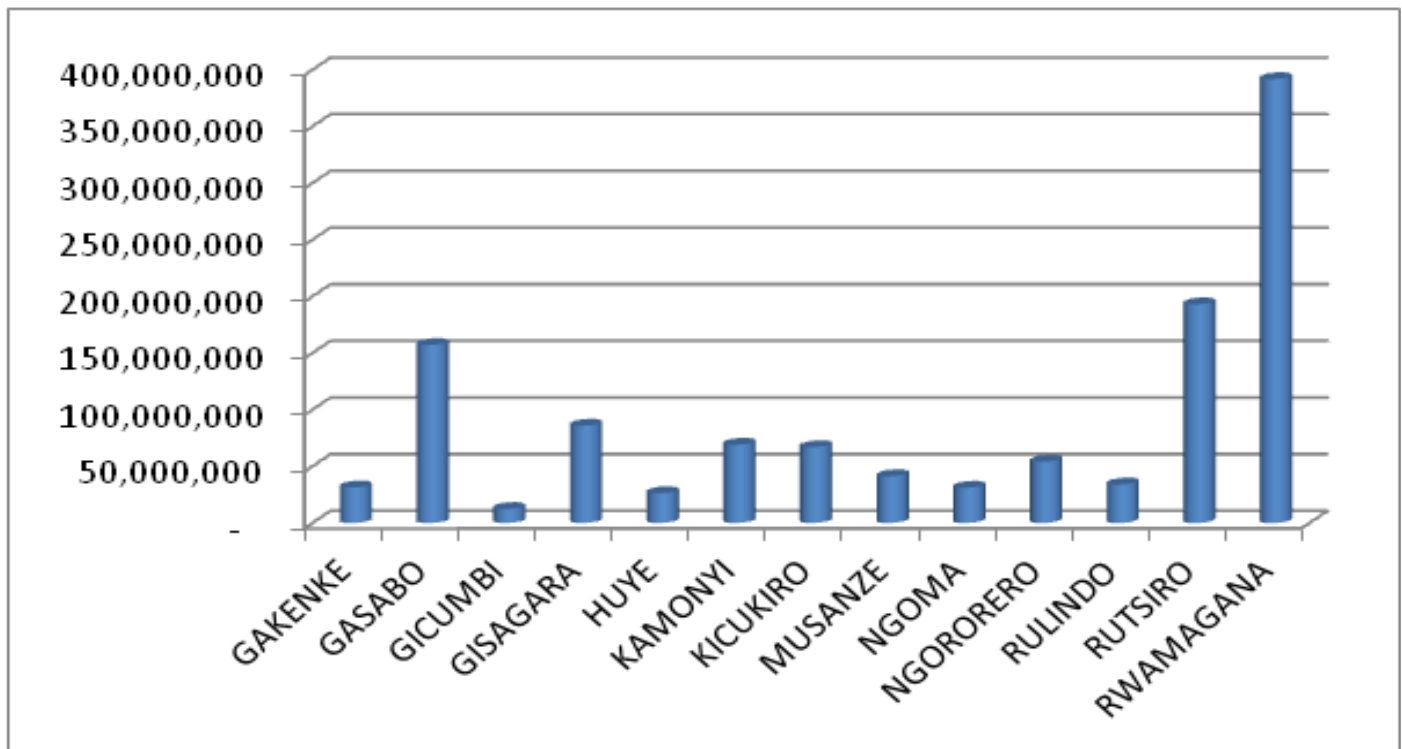


Figure 8: Non respect of laws and procedures

Almost half of Rwanda’s districts (13) were involved in some activities which did not comply with government instructions and/or with laws. Though this did not engage public funds, it has been seen that in some cases of expenditure related complaints, Districts faced some losses or penalties due to this misconduct.

The amount involved in this particular case is Rwf 1,193,775,816 and the most affected district is Rwamagana with an amount of Rwf 391,745,139 followed by Rutsiro and Gasabo with Rwf 193,012,766 and Rwf 157,035,609 respectively.

In conclusion, as stated earlier, TI-RW analysis presented in this report shows that, according to the Auditor General Report, no district was entirely clean. It is therefore interesting and relevant to compile an overall ranking of District performances which includes both expenditure-related and non expenditure-related complaints. This is displayed in the table below.



4.3. All complaints

N#	DISTRICT	AMOUNT in Rwf
1	KARONGI	383,269,367
2	KAYONZA	856,674,168
3	KAMONYI	942,418,251
4	BUGESERA	945,385,077
5	MUSANZE	1,233,209,499
6	RWAMAGANA	1,300,170,617
7	GICUMBI	1,340,058,553
8	NGOMA	1,375,484,425
9	GAKENKE	1,379,116,958
10	NYABIHU	1,459,535,684
11	NYARUGURU	1,559,838,420
12	RUHANGO	1,830,796,065
13	NYAGATARE	1,831,522,141
14	MUHANGA	1,863,565,026
15	NYAMASHEKE	2,070,770,483
16	HUYE	2,090,024,502
17	GASABO	2,169,494,700
18	RULINDO	2,199,923,267
19	NGORORERO	2,262,496,083
20	BURERA	2,378,827,810
21	GATSIBO	2,383,085,911
22	GISAGARA	2,574,747,639
23	KIREHE	2,814,488,713
24	KICUKIRO	3,489,792,904
25	RUTSIRO	3,655,292,247
26	NYAMAGABE	3,664,589,109
27	RUSIZI	3,952,871,444
28	NYANZA	4,786,385,193
29	NYARUGENGE	5,388,076,142
30	RUBAVU	6,209,389,043
		70,391,299,441

Table 3: All complaints

The table shows that Karongi emerges as the best performing District, while it is noticeable that Kayonza, Kamonyi and Bugesera also had less than 1 billion worth complaints. On the less positive side, Rubavu appears as the worst performer, an obvious consequence of the fact that it is at the bottom of the ranking for both categories of complaints, but Nyarugenge and Nyanza also had a particularly disappointing performance.



As stated before, TI-Rw research team went to interview representatives from two key institutions in the fight against corruption, namely the National Police and the National Public Prosecution Authority (NPPA), in order to find out what kind of measures they are taking to tackle the challenges raised by the Auditor General Report.

The Assistant Commissioner of Police in charge of the Criminal Investigation Department (CID), Mr. Christopher Bizimungu, said that there is a team of 9 police officers deployed to NPPA to work with a team of 10 prosecutors by assessing one by one the complaints raised by the report and summon officials responsible of anomalies and bring them to the courts when necessary. NPPA is responsible for the management of this team and Police leaders may not interfere in its activities. Mr. Bizimungu added that there is no need to take any specific preventive measure on the issue of PFM anomalies because as part of its mandate the Police has crime prevention strategy which already includes the prevention of PFM crimes. On the challenges in eradicating mismanagement and corruption as a whole in Rwanda, the Assistant Commissioner of Police in charge of CID said that there is a big problem of negative solidarity between the actors of corruption.

As per NPPA, the representative that TI-Rw met stressed that his institution works hand in hand with the National Police, as mentioned above, through a joint team of 19 between Police officers and Prosecutors, the former reporting directly to NPPA. This enhances efficiency as it avoids reporting to police and then police reporting to the prosecution. In addition, after receiving the Auditor General report, NPPA started analyzing but has so far managed to handle a few files only, therefore the work done until now does not reflect the whole situation of what they are supposed to do. Among the biggest challenges, NPPA sees the high turnover, as investigations become difficult when the person being investigated is no longer an employee of the organization; missing documents being produced after the audit exercise which are likely to delay the work of the prosecution as they have to consider them before taking a decision; and the fact that in some cases the same mistakes are repeated year after year.



CONCLUSIONS AND RECOMMENDATIONS

As mentioned above, this analysis is related to the Auditor General Report for all districts for the financial year ended in June 2011.

The methodology involved classifying the complaints in two main categories (indicators): complaints related to expenditures and not related to expenditures disaggregated in different sub-indicators: **Misuse or embezzlement of funds; Mismanagement of funds; Non respect of procedures** for the first category of expenditures and **Posting errors; Wrong financial statements; Poor bookkeeping and Non-respect of laws and procedures** for the second category of expenditures.

The data analysis was complemented by five focus group discussions (FGD) and two interviews (with the National Prosecution Authority and with Rwanda National Police) to triangulate the quantitative data and to get their insight on how to reduce anomalies in PFM as they are pointed out by the Auditor General every year.

From the analysis on all aggregated data, it emerges that no district was entirely clean. However, in regards to expenditure-related complaints, the districts of **Musanze, Nyaruguru and Ruhango were clean. This is a commendable achievement as this category of expenditure is the main one as far as PFM law enforcement is concerned.**

Turning to expenditures and non expenditure-related complaints, their overall amount is **Rwf 70,391,299,441**. As far as the Districts performance is concerned, the worst performing District is **Rubavu**, followed closely by Nyarugenge, Kicukiro and Rusizi. The best performing District is **Karongi** followed by Kayanza, Gatsibo, and Kamonyi.

It is interesting to note that, while Rubavu emerges as the worst performing District in both categories, the other Districts who perform badly in one of the categories tend to do better in the other and the other way round.

Based on the findings of our analysis and on the inputs received by District staff during the focus group discussions, the following recommendations are formulated:

Recommendations to District management and staff:

- The District Management should ensure that for any payment to be made, all necessary and complete supporting documentation is available and the documents should be well kept for future audit and other reference purpose in order to ensure that the laws and regulations in force are complied with.
- The District Management should strengthen the internal control system over the bank account and bank reconciliation should be reviewed so as to prevent/detect fraudulent utilization of public funds.
- The District should collaborate with the Ministry of Health, the district pharmacy authorities and the Ministry of Finance and agree on the entity that should report the pharmacy revenue, expenditure, assets and liabilities and decide accordingly.
- The District should put in place a proper system of stock management and should prepare a proper stock report showing the quantities of materials received from any entity and other sources that were utilized in different projects. Before taking any item from stock, there should be a requisition note initiated by the representative of concerned entity.



- The District should ensure that the budget execution report is reviewed properly for accuracy and completeness of reported figures in order to enable proper monitoring of commitment and accountability. The Management should investigate the causes of the differences noted and take corrective actions.
- The Management should plan well before issuing tender documents in order to ensure adequate coverage of the required scope of works and should investigate the case of payments made to the contractor.
- The District Management should comply with law No 16/2005 of 18/08/2005 on direct taxes on income and the amount identified as not remitted should be remitted immediately.
- The District Management should comply with the existing laws and regulations governing public procurement procedures. All tenders should be included in the annual procurement plan and the plan should be updated with any changes and be communicated to RPPA with appropriate explanations on a timely basis. Additionally any tender awarded should be fully supported by relevant documents (tender advert, bidding documents, bid opening and evaluation, tender award notification, contract signed between two parties, and so on).
- The District should review all classification errors in the books of account and make the necessary adjustments.
- Districts should comply with the requirements of article 70 of organic law No 37/2006 of 12th September 2006 on state finances and property which requires the district to recognize all revenues collected or received and all expenditures made during the fiscal year as well as all outstanding receipts and payments before the end of the fiscal year.
- The District should implement government policies and procedures and ensure that all transactions of non budget agencies operating within the district are included in the district books of account. The District should ensure that at the end of each month all budget agencies submit original copies of their cash books together with detailed supporting documents to the chief budget manager of the district, for verification, approval and use in posting the transactions in the general ledgers of the District.
- The District should comply with the time allotted to the preparation of tenders in order to benefit from competitive bidding.

Recommendations to the Government:

- The Ministry of Finance and other Ministries should provide the Districts with guidelines on how to spend the budget at the same time as the budget is approved by the Parliament; if Districts receive such guidelines after they have already started implementing the budget they are likely to spend funds on wrong priorities which then results in classification errors.
- Review the penal code in its parts which punish staff mistakes in order to verify whether it is too severe and consider applying punishments based on codes of conduct or procedures manuals instead.
- Carry out a comparative analysis of the budget law and audit laws to improve harmonization between the two and make sure there are no conflicting or contradictory instructions.
- Put in place a management system and staff in charge of budget execution for non budget agencies (NBAs) which can help the latter manage their budget themselves and put in place an online system as used in districts to manage the budget which will permit the districts to control the use of budget in NBAs.
- Strive to increase the number of procurement, finance and internal audit staff at District level.
- Provide adequate financial training to relevant District staff in charge of all budget-related issues, particularly to the Chief Budget Managers (i.e. Executive Secretaries).



- The Ministry of Finance should better involve district staff in budget elaboration so that they master at the beginning different budget components of their districts before they start its implementation.
- Propose a law which allows for 'traps' in procurement whereby a person bids with the intention of trapping corrupt procurement officials
- Make clear in the law that a person is allowed to give a bribe and later denounce the ones who demanded a bribe

Recommendations to the Auditor General:

- Take into consideration that in urgent circumstances (e.g. in case of a natural disaster or emergency) District staff cannot fully comply with all regulations; in such cases the Government should provide the necessary supporting documents and the Auditor General should consider them even if they do not fully comply with ordinary laws and procedures.
- Strive to audit all non budget agencies (NBAs) instead of just holding the Districts responsible for any errors that the NBAs make.
- Strive to conduct audits for the whole fiscal year and at the start of each new fiscal year.

Recommendations to GIZ:

In the framework of its cooperation with the Government of Rwanda, the Decentralisation and Good Governance programme of GIZ should consider, among others, the following support interventions:

- Support the Ministry of Finance in designing and delivering high-quality training on financial issues to relevant staff at District level.
- Propose best practices on the use of ICT applied to audit and budget management and provide technical support for the implementation of such ICT tools.
- Encourage and support the Ministry of Local Government to provide relevant District staff with sensitization sessions on ethics, integrity, transparency and anti-corruption.
- Continue supporting any initiative and tool aimed at enhancing transparency in the field of procurement, such as the Integrity Pacts or citizen monitoring initiatives.
- Continue supporting the dissemination of the findings of the Auditor General Report in a user-friendly and accessible manner.
- Discuss with the Ministry of Local Government and the Ministry of Justice whether a revision of the punishments for mismanagement by District staff is appropriate and, if needed, provide technical support for such revision.
- Propose to the Ministry of Local Government and the Ministry of Justice to conduct a comparative analysis of the budget law and audit laws to verify whether there are any conflicting instructions and, if it is the case, provide technical support to revise the laws and remove such discrepancies.

**ANNEX 1: Raw data gathered through analysis of Auditor General Report on the 30 districts****1.1 Eastern Province**

#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
1	EASTERN PROVINCE	BUGESERA	Difference between goods and services as per financial statements and as per budget execution report	The audit noted a difference between the purchase of goods and services as per budget execution and as per financial statements	The difference indicates errors and omissions in budget execution reports, Accuracy and completeness of goods and services expenditure in financial statements cannot be confirmed	Management should ensure that budget execution report is reviewed properly for accuracy and completeness of reported figures to enable proper monitoring of commitment and accountability	38,990,896
2	EASTERN PROVINCE	BUGESERA	Differences between wages and salaries as per financial statements and that per payrolls	The audit noted that the balances for wages and salaries reported in the financial statements differed to the wages and salaries from payrolls	The audit cannot confirm the completeness and accuracy of employee costs paid by the district during the year ended 30 June 2011. Accordingly, the wages and salaries included in the financial statements may not be fairly stated.	Bugesera District management should investigate the causes of this difference and make necessary adjustments in the books of account	180,458,407
3	EASTERN PROVINCE	BUGESERA	Ineligible Expenditure	The district through Former Vice Mayor in charge of social affairs committed to provide medical treatment to M. Viviane by paying all medical fees. Again the district acted as guarantor for the loan taken by Bugesera Football Club. The district paid again penalties to SSFR for delay in declaration of statutory deductions made.	The payment of medical care, repayment of loan and penalties at SSFR are qualified as ineligible expenditure which may hamper the execution of planned activities, thus the objectives of the Bugesera District may not be achieved.	Eligible expenditure is prohibited and any public officer found guilty of incurring such expenditure would be required to indemnify the government for any loss suffered as a result. Thus ineligible expenditure paid should be recovered from former authorities who committed the district without authorization of district council.	18,481,562
4	EASTERN PROVINCE	BUGESERA	Non compliance with Organic Law on State Finances and Property	The audit noted that there are liabilities which are not recorded, others are unsupported and understated in financial statements whereby the outstanding invoices before year ended were omitted from books of account and others are	Non compliance with the organic law on state finances and property led to understatement of expenditure and accounts payable as at 30 June 2011	The district should comply with the organic law on state finances and property. Particularly, they should prepare their books of account and financial statements on a modified cash basis which requires	578,006,974



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				not supported by any verifiable document like invoice and contract.		the district to recognize all expenditures made during the fiscal year as well as all outstanding invoices received before year end. And liabilities should be fully supported by invoices, contract etc....	
5	EASTERN PROVINCE	BUGESERA A	Overpayment made in capital expenditure	The district paid more amount to ECOMUJ than what they are supposed to pay for the works of extension of sharita school center, Rwiminazi and Nkanga	This resulted into an overpayment which is a loss of money that could have been used for other district activities	Bugesera District management should recover that amount overpaid and management should be more vigilant in reviewing supplier invoices to ensure that cases of overpayment do not re-occur.	678,873
6	EASTERN PROVINCE	BUGESERA A	Penalties arising from delayed works	Penalties arising from delays in execution of works were not deducted by the district on various tenders, and others were wrongly computed	The District did not comply with the public procurement law and regulations in force and the contract terms. This implies weakness in contract management as the district failed to enforce penalties	The district should charge penalties to suppliers/contractors who fail to comply with the agreed deadline as required by the law related to public procurement. Mechanism should be put in place to ensure adequate monitoring of the progress on execution of contractual works	2,613,963
7	EASTERN PROVINCE	BUGESERA A	Transactions recorded twice	The payment made to ECORAMEN as capital expenditure was recorded twice in books of account	The second transaction posted created an overstatement of capital expenditure and an understatement of bank and payables.	Bugesera District management should pass necessary adjustment to correct the error.	13,087,940
8	EASTERN PROVINCE	BUGESERA A	Unrecorded transactions for NBA within the district	Transactions and closing balance of NBAs under the control of the district were not recorded in the books of account of the district	Since transfers to sectors, hospitals, schools are expensed by the district at the time of transfer, they should be recorded in district's books of	The district should implement government policies and procedures and ensure that all transactions of non budget agencies operating with the	113,066,462



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					account and failure to adjust the expenditure in district books of account for unutilized funds at year end implies that expenditure reported is overstated.	district are incorporated with the district books of account. The district should ensure that at the end of each month all NBA submit original copies of their cash books together with the detailed supporting document to the executive secretary of the district for verification, approval and use in posting the transactions the general ledger of the district.	
9	EASTERN PROVINCE	GATSIBO	Classification errors	There are many expenditures which were recorded in wrong accounts (e.g salaries and statutory deductions were recorded in operation funds)	This error has led to the overstatement and understatement of affected accounts by the posting errors. Thus the financial statements are not reliable and accurate.	Necessary adjustments should be made to correct the errors in the books of account. In future, management should ensure that all transactions are classified in the proper accounts.	568,658,975
10	EASTERN PROVINCE	GATSIBO	Difference between expenditure as per financial statements and expenditures as per budget execution report	There is unexplained difference between expenditure as per financial statements and expenditures as per budget execution report	The difference indicates errors and omissions in budget execution reports, Accuracy and completeness of expenditure in financial statements cannot be confirmed	Management should ensure that budget execution report is reviewed properly for accuracy and completeness of reported figures to enable proper monitoring of commitment and accountability	1,570,117,249
11	EASTERN PROVINCE	GATSIBO	Difference between purchased drugs reported by the district pharmacy and that recorded in financial statements	The audit noted that the amount of purchased drugs as per financial statements differed from that reported by district pharmacy	Gatsibo's district expenditure may be overstated. Hence financial statements as at 30 June 2011 are not fairly stated	The differences should be investigated and necessary corrections made	2,404,707
12	EASTERN PROVINCE	GATSIBO	Non compliance with Organic Law on State Finances and Property	The audit noted that payables relating to Gatsibo District pharmacy were not included in district's financial statements	Non compliance with the organic law on state finances and property led to understatement of expenditure and	The district should comply with the organic law on state finances and property. Particularly, they	48,516,455



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					accounts payable as at 30 June 2011	should prepare their books of account and financial statements on a modified cash basis which requires the district to recognize all expenditures made during the fiscal year as all outstanding payments	
13	EASTERN PROVINCE	GATSIBO	Partially supported expenditure	The district transferred funds to sectors during the year under audit but they do not have utilization reports to support their utilization	Failure to adequately support expenditure is an indication that inappropriate expenditure may have been incurred. Thus it's difficult to verify the authenticity of this expenditure.	For better management of public funds, expenses incurred by Gatsibo District should be supported by necessary documents detailing their utilization. These documents should be well kept for future reference.	609,214,451
14	EASTERN PROVINCE	GATSIBO	Salaries double recorded	The audit noted that salaries of teachers for the months of November 2010 and January 2011 were double recorded in financial statements as at 30 June 2011	Compensation of employees and accounts payable accounts are overstated and hence, financial statements are not fairly stated	Management should make necessary adjustment in the books of account	201,349,504
15	EASTERN PROVINCE	KAYONZA	Classification errors	The review of compensation of employees account revealed that the salaries of district staff was wrongly recorded in operation funds account	This error has led to the overstatement of operation funds account and understatement of compensation of employees account. Thus the financial statements are not reliable and accurate.	Necessary adjustments should be made to correct the errors in the books of account. In future, management should ensure that all transactions are classified in the proper accounts	529,384,044
16	EASTERN PROVINCE	KAYONZA	Penalties arising from delayed works	The audit noted that execution of 8 contracts were delayed for long periods of time ranging from 261 days to 457 days and no penalties had been charged to the contractors/Suppliers	Failure to charge penalties for delays caused by the contractors is a weakness in follow up of contract execution and a non compliance with the contractual terms and regulations relating to public procurement	The district should charge penalties to suppliers/contractors who fail to comply with the agreed deadline as required by the law related to public procurement.	305,472,070



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
17	EASTERN PROVINCE	KAYONZA	Uncompleted construction of 50 houses and annexes for genocide survivors	Kayonza District and Ets CODES signed a contract of construction works of 50 houses but CODES failed to comply with contract terms and did not complete the construction works for 50 houses. The works completed were valued to 9,640,361 Rwf whereas CODES was given an advance of 22,190,350 Rwf. Thus the loss of 12,549,989 Rwf.	The district did not obtain the value for money for the houses not constructed. Further, the district incurred losses for the unrecovered guarantees from CT Murambi	The district should follow up with CT Murambi to recover the unduly paid amount as well as the performance security as required by the procurement law.	12,549,989
18	EASTERN PROVINCE	KAYONZA	Unrecorded transactions for NBA within the district	The NBAs did not submit the original pages of their cashbooks together with the detailed supporting documents to the district for verification, approval and use in posting the transactions relating to schools and sectors. The district did not verify all transactions and supporting documents from activities of the sectors and sectors.	Since transfers to sectors, hospitals, schools are expensed by the district at the time of transfer, failure to adjust the expenditure in district books of account for unutilized funds at year end implies that expenditure reported is overstated.	The district should implement government policies and procedures and ensure that all transactions of non budget agencies operating with the district are incorporated with the district books of account. The district should ensure that at the end of each month all NBA submit original copies of their cash books together with the detailed supporting document to the executive secretary of the district for verification, approval and use in posting the transactions the general ledger of the district.	9,268,065
19	EASTERN PROVINCE	KIREHE	Classification errors	There are many expenditures which were recorded in wrong accounts	This error has led to the overstatement and understatement of affected accounts by the classification errors. Thus the financial statements are not reliable and accurate.	Necessary adjustments should be made to correct the errors in the books of account. In future, management should ensure that all transactions are classified in the proper accounts.	1,233,128,424



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
20	EASTERN PROVINCE	KIREHE	Expenditure not fully supported	The district incurred expenditure without sufficient supporting documents like, purchase order, purchase invoices, contracts ,goods received notes, mission reports, attendance lists, reports, delivery notes, provisional reception , performance guarantee, utilization reports and detailed students list	Failure to adequately support expenditure is an indication that inappropriate expenditure may have been incurred. Thus its difficult to verify the authenticity of this expenditure.	For better management of public funds, expenses incurred by Kirehe District should be supported by necessary documents detailing their utilization. These documents should be well kept for future reference.	609,214,451
21	EASTERN PROVINCE	KIREHE	Non compliance with statutory deductions	The district paid salaries to contractual personnel and allowances to tender committee members without deducting PAYE (Pay as you earn), PAYE of 12 months of teachers was not declared, and wrong computation of social security, medical insurance contribution and Pay as you earn	Failure to deduct and declare PAYE tax represents non compliance with the existing laws and regulations and exposes the District to penalties and interest by Rwanda Revenue Authority	The district should comply with the tax regulations to avoid penalties	851,854,891
22	EASTERN PROVINCE	KIREHE	Penalties arising from delays works	Penalties for delays in execution of works were not deducted by the District on various tenders awarded during the year ended 30 June 2011	Kirehe district did not comply with the public procurement law and regulations in force and the contract terms. This implies weakness in contract management as the district failed to enforce penalties	The district should charge penalties to suppliers/contractors who fail to comply with the agreed deadline as required by the law related to public procurement. Mechanism should be put in place to ensure adequate monitoring of the progress on execution of contractual works	83,438,266
23	EASTERN PROVINCE	KIREHE	Unrecorded transactions for NBA within the district	Transactions and closing balance of NBAs under the control of the district were not recorded in the books of account of the district	Since transfers to sectors, hospitals, and schools are expensed by the district at the time of transfer, failure to adjust the expenditure in district books of account for unutilized funds at	The district should implement government policies and procedures and ensure that all transactions of non budget agencies operating with the district are incorporated with the district books of	36,852,681



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					year end implies that expenditure reported is overstated.	account. The district should ensure that at the end of each month all NBA submit original copies of their cash books together with the detailed supporting document to the executive secretary of the district for verification, approval and use in posting the transactions the general ledger of the district.	
24	EASTERN PROVINCE	NGOMA	Failure to remit 20% of health insurance scheme to the pooling risk account	The district did not deposit its share of the mutuelle de sante contribution to total members' contribution.	The district and mutuelle de sante are not complying with the instructions from the Ministry of health, Consequently the district may fail to settle all the invoices submitted by the district hospitals and health centers due to failure to collect the required funds from mutual insurance scheme	The district and mutuelle de sante are not complying with the instructions from the Ministry of health which requires that 20% of total contribution to mutual insurance.	31,039,254
25	EASTERN PROVINCE	NGOMA	Misappropriation of funds transferred to a group of financial services beneficiaries.	The members of group confirmed that former treasurer of the group embezzled the amount of 1,500,000 and the group failed to accomplish the planned activities.	The group of financial services failed to accomplish the planned activities.	The district management should investigate and recover the embezzled amount of 1,500,000 Rwf	1,500,000
26	EASTERN PROVINCE	NGOMA	Non compliance with Organic Law on State Finances and Property	The audit noted that the expenditure in the financial statements for the year ended 30 June 2011 and yet this expense relates to invoices received in previous period. The amount was not recorded as liability in previous period and hence overstating expenditure for the	Expenditure is overstated and opening balance for liabilities is understated	In future, management should ensure that proper cut-off procedures are followed to identify any outstanding invoices at year end. All outstanding invoices at year end should be recognized as liabilities in the books of account as	3,463,364



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				year ended 30 June 2011		required under the modified cash basis of accounting	
27	EASTERN PROVINCE	NGOMA	Payable misstated in the books of account	There is a difference between the payable of Association twitekubidukikije as per financial statements and his statement as computed by audit	Excess balance reported as payable to the association may be a fictitious liability which could result in overpayment of the suppliers and loss of public funds	The district should strengthen controls over tracking of payments made to contractors/suppliers to minimize the risk of overpayment. Necessary follow up should be made to confirm the actual balance due to the association and appropriate adjustments should be made in the books of account.	3,766,847
28	EASTERN PROVINCE	NGOMA	Payments made on the basis of forged signatures and falsified documents	The accountant secretary of MURAMA sector was able to create procuration and sign them using a forged signature of executive secretary and stamp them with a sector official stamp due to lack of segregation of duties and managed to withdrawal 3,498,000 Rwf	Public funds were used for personal gain, and accordingly, Government programs for which these funds were earmarked were not undertaken	The district should strengthen controls over monitoring of sectors bank accounts. Specifically, bank reconciliation should be prepared regularly and annexed to accountability reports submitted to the district and the report submitted be reviewed regularly for timely action. Further the district should continue to make a follow up to recover the embezzled funds	3,498,000
29	EASTERN PROVINCE	NGOMA	Posting errors in expenditure accounts	There is wrong posting of expenditures (eg. Expenditure related to capital expenditure was recorded in goods and services)	Posting errors are an indicator of inadequate review of transactions posted in the books of account. The expenditure affected by the errors like goods and services, capital expenditure and transfers and subsidiaries are overstated and mislead the users of financial statements	The district management should ensure that posting in the books of account is regularly reviewing by the responsible persons to avoid such errors	1,294,125,418



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
30	EASTERN PROVINCE	NGOMA	Unrecorded transactions for NBA within the district	The district did not maintain a cashbook or debtors account for balances held by each NBA's under its control in its books of account.	Since transfers to sectors are expensed by the district at the time of transfer, failure to adjust the expenditure in district books of account for unutilized funds at year end implies that expenditure reported is overstated	The district should implement government policies and procedures and ensure that all transactions of non budget agencies operating with the district are incorporated with the district books of account. The district should ensure that at the end of each month all NBA submit original copies of their cash books together with the detailed supporting document to the executive secretary of the district for verification, approval and use in posting the transactions the general ledger of the district.	38,091,542
31	EASTERN PROVINCE	NYAGATA RE	Classification errors	Payment relating to tender committee allowances was wrongly recorded into the domestic per diem account instead of being recorded in the other allowance account.	Posting errors imply that affected captions of the financial statements are misstated and therefore do not provide accurate information about the financial operations of the District.	Management should ensure that the regular review of transactions posted in the books of accounts is made to enable timely detection and correction of posting errors.	281,753,190
32	EASTERN PROVINCE	NYAGATA RE	Partially supported expenditure by the District	The missing documents include utilization reports and acknowledgement of receipts by beneficiaries with partially supported document.	In absence of necessary supporting documentation, it is difficult to confirm the validity and authenticity of the expenditure reported.	District should respect government policies and procedures, thus, avail all necessary support documents for expenditure.	38,271,644
33	EASTERN PROVINCE	NYAGATA RE	The expenditure for the year and liabilities at 30 June 2011 are understated.	Liabilities were not disclosed in the financial statement for the concerned period.	Non compliance with the organic law on state finances and property led to understatement of expenditure and accounts payable as at 30 June 2011	For a better management of public funds, all expenses incurred by the District could be adequately supported by necessary	100,814,714



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
						documents. Those documents should be chronologically referenced for future reference and properly filed.	
34	EASTERN PROVINCE	NYAGATARE	Unrecorded transactions for Non Budget Agencies within the District	Any closing balances held by entities are therefore not recorded in the District books of account. There is no evidence that the District obtained and reviewed bank reconciliation statements for each bank account maintained by the non budget agencies within the District.	The financial statements of Nyagatare District are incomplete. Further, it is difficult to confirm whether the amounts received by the NBAs were utilized for appropriate and genuine purpose.	District should implement the government policies and procedures and ensure that all transactions of non budget agencies operating within the District are incorporated within the District books of account. All NBAs should submit at the end of each month, their original copies of their cashbooks with details.	246,931,188
35	EASTERN PROVINCE	NYAGATARE	Unsupported and partially supported transactions recorded in account payables	There is absence of supported and adequate documents for the transactions during the observed period.	In the absence of adequate supporting documents for the mentioned transactions, it is difficult to confirm the accuracy and existence of creditor's balances disclosed in the financial statements.	Management should ensure that transactions recorded in the books of account are supported by all necessary verifiable supporting documents.	163,751,405
36	EASTERN PROVINCE	NYARUGENGE	classification errors	The audit noted that some transactions have been wrongly posted	These posting errors affect the following accounts by overstating and understating the grants, transfers from other Government entities, goods and services, direct payment, compensation of employees, transport and travel, transfers and subsidies, social benefits and capital expenditure.	Necessary adjustments should be made to correct the errors in the books of account. In future, management should ensure that all transactions are classified in the proper accounts.	3,061,422,854



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					Accuracy and completeness of expenditure financial statements cannot be confirmed		
37	EASTERN PROVINCE	RWAMAGANA	Classification errors	Salaries of employees, revenue from attestation, inter-entities transfers were recorded in wrong account and others were recorded twice in general ledgers	These posting errors led to inaccuracies in the affected general ledger accounts like expenditure which is overstated and hence the financial statements are not fairly stated.	Management should make necessary adjustments in the district books account.	677,555,358
38	EASTERN PROVINCE	RWAMAGANA	Lack of evidence of prior check and approval of teachers' salaries before payment	There was no evidence that district teachers' salaries for the month of July, August, September, November and December 2010 were verified by any competent authority of the district to ensure their accuracy	In absence of prior and proper check of calculations on payrolls, there may be unduly amounts that may be paid to district teachers or other parties. Thus, salary balances reported in financial statements may be misstated	Management should ensure that monthly payrolls are correctly prepared, verified and authorized by competent authorities to ensure their accuracy. The payrolls should always be signed by the persons preparing, verifying and authorizing	386,731,318
39	EASTERN PROVINCE	RWAMAGANA	Non compliance with Organic Law on state Finances and Property	The audit noted that there were no compliance with cut off principle for lump sum of July 2011 which was paid in June 2011	The expenditure was overstated; therefore financial statements for the year ended 30 June 2011 are not fairly stated. There was no compliance with article 70 of organic law no 37/2006.	The District should comply with article 70 of the organic law no 37/2006 of 12/09/2006 on state finances and property which requires all expenditures made during the fiscal year and payments before the end of the fiscal year. The district should make the necessary adjustments.	5,013,821
40	EASTERN PROVINCE	RWAMAGANA	Penalties arising from delays works	Penalties for delays in execution of works were deducted by the District on various contractors but were not recorded in District's books of account	Bank balances and income reported in the financial statements are understated.	Bugesera District management should make necessary adjustment in the books of account aimed at recording the transfer correctly. Further, reasonable care should be exercised while posting	4,664,550



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
						transactions into the system to avoid occurrence of unnecessary errors and omissions.	
41	EASTERN PROVINCE	RWAMAGANA	Transfers and grants not sufficiently supported	Funds and grants received from other entities were not sufficiently supported by transfer not/letter describing the purpose of the funds, MOU/Agreement signed between the district and that entities and those transfers were recorded in general ledger using bank statements	In absence of clear guideline for utilization of funds transferred to the district and adequate documentation supporting, it difficult to confirm whether funds were utilized in accordance with the requirements of funding agencies. Unsupported adjustments and reversals may lead fraudulent transactions in books of account in addition i cannot confirm if the transactions reversed were really the wrong ones.	All transfer either from donors or other budget agencies should be supported by transfer advice notes, letter defining the purpose for the funds and memorandum of understanding /agreements .Adjustment in the books of account should be sufficiently supported by journal voucher properly approved by the responsible authority	218,530,948
42	EASTERN PROVINCE	RWAMAGANA	Unexplained difference between the expenditures as per financial statements and as per budget execution	The total expenditure in financial statements differed from that in budget execution, and management was unable to reconcile the difference of 2,431,636 Rwf	The reliability and accuracy of both the financial statements of RWAMAGANA district and the budget execution report cannot be ascertained.	Management should provide explanations for the extra amount of the expenditure totaling frw 2.431.636 reported in the statement of revenues and expenditure.	2,431,636
43	EASTERN PROVINCE	RWAMAGANA	Unsupported expenditure	The audit noted that Rwamagana District incurred expenditure related to supply of beans for TIG was not supported by goods received note	In absence of verifiable and adequate supporting documents for same payments made, it is difficult to establishing whether public funds were utilized appropriately for intended purpose.	For better management of public funds, all expenses incurred should be supported by the necessary documents should be well kept for future reference .	4,910,510
44	EASTERN PROVINCE	RWAMAGANA	Wrong computation of PAYE	Rwamagana District misclassified some of its employees as casual workers and then	The misclassification of employees by the district entailed a	The district should comply with the tax law no.16/2005 of 18/08/2005. The	332,476



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				subjected their salaries to a PAYE tax rate of 15% instead of 30% which resulted into unpaid PAYE of 332,476 for the year ended 30 June 2011.	loss of frw 332,476 to the public treasury. The district may also be liable to pay penalties and interest for non-compliance with tax regulations	district should remit the PAYE arising from the wrong computation to RRA to avoid penalties and interest being levied on the same.	

1.2 Southern Province

#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
1	SOUTHERN PROVINCE	MUHANGA	Classification errors	These classification errors involving goods and services, transactions and compensation of district employees. Due to numerous posting errors affecting most of the general ledger accounts, the financial statements of do not show a true and fair view of financial affairs of district for the concerned period.	The goods and services as well as capital expenditure accounts are misstated. The expenditure recorded on the wages and salaries accounts understated. Also, the account ledgers where the expenditure highlighted above should have been reported are equally misstated.	Care should be taken at the time of budgeting to ensure that amounts are budgeted under appropriate ledger accounts to facilitate recording of actual expenditure under appropriate accounts. The District should make appropriate adjustments in the books of account.	1,720,749,494
2	SOUTHERN PROVINCE	NYAMAGABE	Difference between the expenditure as per financial statements and the expenditure as per budget execution report	The report shows a difference between actual expenditure as per the financial statements and actual expenditure per the budget execution report.	With unexplained difference, the budget execution report is unreliable and may mislead management and other users of the financial statements in decision making.	Management should investigate the source of the differences and necessary adjustments on the budget execution report should be made and the budget execution report should be reconciled to the financial statements	1,269,085,435
3	SOUTHERN PROVINCE	NYAMASHIKE	Payables relating to invoices for Mutuelle de sante omitted from the financial statements	Some invoices related to Mutuelle de Sante were not disclosed in the district financial statements as payables, they still unpaid by the District for concerned period.	Failure to recognize all outstanding invoices led to understatement of the accounts payables reported in district's financial statements. There is risk of poor service delivery at the concerned Hospitals due to delayed	Management should ensure that all invoices issued to the District and outstanding as at year end are recorded as payables in the books of account.	207,869,859



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					payment of invoices issued to District.		
4	SOUTHERN PROVINCE	NYANZA	Classification of errors	The audit noted that some transactions were wrongly posted in incorrect accounts and others were recorded twice in books of account	The posting errors led to misstatement of the balances included in the books of account and reported in the financial statements	Relevant adjustments should be made to correct the posting errors and financial statements for the affected accounts	639,116,867
5	SOUTHERN PROVINCE	NYANZA	Inter entity transfers not sufficiently supported	Funds received by the district from other budget entities were not sufficiently supported by transfer notes, letter describing the purpose of funds or MOU	In absence of transfer notes or MOU, I am unable to confirm the completeness of the revenue and also uncertain whether the funds were appropriately used.	The district should seek transfer advice notes or letter defining the purpose for the funds and MOU/Agreements, if applicable, for all funds received and these should be properly kept.	1,630,366,060
6	SOUTHERN PROVINCE	NYANZA	Lack of evidence of remitting Pay as you earn and social security contribution	The audit noted that there is no evidence that pay as you earn and social security contribution deducted on allowances to teachers of primary and secondary were remitted to RRA and CSR	No remittance of Pay as you earn and social security contribution can lead to fines and other penalties be levied by these 2 entities.	The district management should provide evidence that these contributions were remitted.	31,383,504
7	SOUTHERN PROVINCE	NYANZA	Management of pharmacy income and bank account	Transactions from 1 December to 30 June 2011 were not recorded in cash book of district pharmacy	Bank balances, revenue and expenditure presented in the district financial statements are not fairly stated.	The district should collaborate with MINISANTE, the district pharmacy authenticities and MINECOFIN and agreed on the entity that should report the pharmacy revenue, expenditure, assets and liabilities and decide accordingly.	74,164,763
8	SOUTHERN PROVINCE	NYANZA	Penalties of delay in execution for works to complete the building with one level of Nyanza market	The audit noted that the construction works with one level of Nyanza market were not yet completed thus delay of 32 days and no penalties were deducted from the company.	Poor contract management may have denied the district from getting the facility on time and the value of money spent was not achieved	The supervision of constructions should be strengthened and ensure that all works are performed in accordance with the contract and penalties should be deducted from the outstanding payment to the contractor.	146,062,208
9	SOUTHERN PROVINCE	NYANZA	Penalties of delay in	The audit noted that the rehabilitation	Poor contract management may	The supervision of constructions should	163,437,162



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
			execution of construction work of rehabilitation of modern market of Nyanza	construction works of modern market were not yet completed thus delay of 108 days and resulted an addendum of 32.6 m	have denied the district from getting the facility on time and the value of money spent was not achieved	be strengthened and ensure that all works are performed in accordance with the contract and penalties should be deducted from the outstanding payment to the contractor	
10	SOUTHERN PROVINCE	NYANZA	Unrecorded transactions for NBA within the district	The transfers made to NBA (sectors, schools, pharmacy, Hospital and health centers) were not recorded in books of account of the district and bank balances of NBA were not included in financial statements. There were no review of these transactions and bank reconciliation by district, and outstanding debtors of 49m were not disclosed in financial statements	Accordingly, the district books of account are incomplete and do not portray a true and fair view of the financial statements and position of the district	Management should ensure that all transactions on NBA operating within the district are incorporated within District books of account and NBA should submit original copies of their cashbooks together with detailed supporting documents to Chief Budget Manager of district for approval and use in posting the transactions in the general ledger of the district.	1,205,489,361
11	SOUTHERN PROVINCE	NYANZA	Unsupported expenditure	The district incurred expenditure without any supporting documents and others were insufficient	The lack of adequate supporting documentation for any payment increases the risk of invalid payments being made which may result into the misuse of public funds	For better management of public funds, all expenses incurred by the district should be sufficiently supported and the related supporting documents should be filed and kept for future reference.	896,365,268
12	SOUTHERN PROVINCE	NYARUGU RU	Lack of supporting documents for adjustments made to the opening balances	Management did not provide journal vouchers or other supporting documentation to justify the rationale for recording the adjustments	The financial reporting process is not properly supervised and as a result, the financial statements are prone to errors and omissions leading to their misstatement	The management of District should strengthen the financial reporting process by ensuring that all entries recorded in the books of account are supported by proper documentation and are reviewed and approved.	45,963,026
13	SOUTHERN PROVINCE	RUHANG O	classification errors	The review of capital expenditure reported in the financial statement noted various posting	The posting errors are an indication of inadequate review of transactions	The District management should ensure that transactions are	1,595,026,290



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				errors where they were wrongly recorded in the account. Accordingly, reported capital expenditure is misstated.	posted in the books of account. Consequently the resulting expenditure amounts on the affected accounts are inaccurate and misleading to the users of the financial statements.	posted in their respective correct accounts and regular view is done their of.	
14	SOUTHERN PROVINCE	RUHANGU	Lack of handover report to support construction of houses constructed in Mbuye sector.	During the physical verification for constructed houses, no final handover on how the construction activities was done by the concerned sector. Means no report was submitted to the District from sector.	It was very difficult to confirm if all the planned houses within the sector were constructed and completed as designed.	The sector should prepare a comprehensive report on houses for Genocide survivors and submit it to the District. Further, the District has to make a follow up and ensure that all sectors submit the reports.	182,419,600
15	SOUTHERN PROVINCE	RUHANGU	Unrecorded transactions for NBA within the District	The District did not maintain a cashbook or debtors account for balances held by each of the NBAs under its control in its books of accounts. Some bank balances were not included in in the financial statements of the District	The District books of account are incomplete and the financial statements do not give a true and fair view of the state of the state of financial affairs of the District. It is difficult to ascertain whether funds transferred to these NBAs were utilized for the intended purposes.	The District should implement government policies and procedures and ensure that all transactions of NBAs operating within the district are incorporated into the district books account.	53,350,175
16	SOUTHERN PROVINCE	RULINDO	Bank transactions and balance omitted from the books of account	The bank account for the district operated in BCR had been omitted from the books of account and financial statements for the year ended 30 June 2011	Due to omission of transactions from the books of account, income, expenditure and bank balance reported in the financial statements are incomplete. In addition it is difficult to ascertain whether the payments made from this bank account were adequately supported and incurred only for	Management should investigate and confirm whether the bank account actually belongs to the district and if it does, a bank statement should be obtained to understand the movements on the account. The district should make appropriate adjustments to include all the revenue and expenditure in the books of account and financial statements.	2,470,828



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					the intended activities of the district.	Further the district should ensure that all bank accounts are included in the books of account.	
17	SOUTHERN PROVINCE	RULINDO	Classification errors	The audit noted that some expenditure has been wrongly posted (e.g salaries were recorded in goods and services account)	Classification errors in the ledger distant the budget execution reports prepared by the district and such reports may mislead users. Also the financial statements prepared on the basis of a ledger which such classification errors do not portray the true picture of the district's financial affairs.	Management should intensify supervision and review of the financial management processes to prevent error from recurring .necessary adjustments should be made to ensure the financial statements portray the true picture of the district's financial affairs.	1,734,449,880
18	SOUTHERN PROVINCE	RULINDO	Contributions to the social security	The district did not declare and pay the social security contribution for its employees	Failure to comply with the law on statutory deductions about social security contribution does not only undermine the employees' rights but the district may be subjected to penalties levied by Rwandan social security board (RSSB).	District management should make a follow up and ensure that the amount that was not paid is paid as required by laws and regulations.	271,840
19	SOUTHERN PROVINCE	RULINDO	Lack of accountability for funds sent to sectors	The district transferred funds to its sectors by the latter did not account for these amounts	In absence of accountability for the funds transferred to district sectors, it is not possible to ensure that the funds were utilized for intended activities.	Management district should ensure that the laws and regulations are complied even at sector level .it also make follow up easy by ensuring that a new transfer of funds is made to a sector than as accounted for amounts previously received from the district .	83,107,875
20	SOUTHERN PROVINCE	RULINDO	Non compliance with procurement procedures	The performance security of 10% which was requested for tender awarded, only a guarantee of 5% was	This no compliance with laws and regulations in force which exposes the district to loss of	Management should ensure that tenders are awarded in accordance with procurement laws and	13,138,060



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				delivered to the District. Again the district did not seize the performance security for the tender which were terminated due to failure to respect the terms of contract.	public funds if the supplier fails to comply with the agreed terms. In the absence of sufficient tendering documents it is difficult to ascertain whether the principles of transparency efficiency and fairness in tendering were applied in the award of these tenders.	procedures in force so as enhance transparency and maximizing value for money. Management should ensure proper contract management including. In cases of non performance on contracts, effort should be made to seize performance securities within the validity period.	
21	SOUTHERN PROVINCE	RULINDO	Nonpayment of 20% of collections to pooling risk account	The district did not transfer the 20% of members' contributions to pooling risk account	This is non compliance with MINISANTE's instruction. This also denies the district the funds necessary to pay for medical bills from district hospitals treating mutuelle de sante members on referral	Management should ensure that efforts are made to monitor collections by mutuelle de sante branches in the district and follow up to ensure that the 20% portion due to the district pooling risk account is remitted on a timely and regular basis.	33,914,023
22	SOUTHERN PROVINCE	RULINDO	Payment for construction materials not delivered	The district paid to the supplier for materials which were not delivered	There has been an overpayment of expenditure to the extent of above difference which is loss to the public funds. Receipt of materials by another person other than the technician would pose a rich of the materials supplied not being in compliance with the required specification as indicated in the bidding documents thus ,the value for money for the materials received might not have been realized.	Recommendation should investigate and out why payment was made for material not delivered. The amount over paid should be recovered from the supplier. Before the payment of final invoices. management should make sure that all materials are delivered in compliance with the signed contract and also ensure the amount overpaid was recovered .payment should made against verified supporting document which included a deliverer note, GRN and invoice.	5,213,800



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
23	SOUTHERN PROVINCE	RULINDO	Unrecorded and unsupported liabilities	The district received invoices during the year ended 30 June 2011 but did not disclose these invoices as payables at 30 June 2011 and recorded liabilities that were not supported by any verifiable supporting documents	Payables reported in the financial statements are misstated and the absence of proper supporting documents the accuracy and authenticity of expenditure incurred cannot be ascertained.	District management should ensure that all transactions recorded in the district books of account are fully supported. The district should make adjustment for unrecorded liabilities	286,693,929
24	SOUTHERN PROVINCE	RULINDO	Unsupported expenditure	The district incurred unsupported expenditure during the year ended 30 June 2011.	Absence of adequate and verifiable documentation makes it difficult validity and authenticity of the expenditure .this increases the risk of invalid payments being made which may result into the misuse of public funds.	For better management and accountability of funds, all expenses incurred by the district should be fully supported by all relevant and valid documentation .These documents should be well kept for future reference.	40,663,032

#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
1	NORTHERN PROVINCE	BURERA	Difference between budget execution report and the statement of revenue expenditure	Ordinary, the actual revenue and expenditure amounts reported in the budget execution report should be equal to the actual amounts per the financial statements	The discrepancies between the financial statement and the budget execution report may	The District should ensure that the budget execution report reflects correct figures as disclosed in the income and expenditure statement.	125,035,584

1.3. Northern Province



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					mislead management and other users.	Management should investigate the causes of the differences noted and take corrective action	
2	NORTHERN PROVINCE	GAKENK E	Classification errors	Wages and salaries, Subsidies, transactions for capital expenditures, transfers and subsidies were wrongly recorded or posted.	Mispostings in the ledger distort the budget execution reports prepared by the district and such report may mislead users. Also, the financial statements prepared based on this on a ledger with such mispostings do not portray the true picture of the district's financial affairs.	Management should intensify supervision and review of financial management processes to prevent errors from recurring. Necessary adjustments should be made to ensure the financial statements portray the true picture of financial affairs.	1,338,864,258
4	NORTHERN PROVINCE	GICUMBI	Classification errors	Classification errors related to expenditure and revenue were noted in the books of account whereby compensation of employees was wrongly recorded under transfers and subsidiaries and capital expenditure was again wrongly recorded under goods and services etc....	Transfers and subsidies expenditure are overstated and compensation of the employees is understated by the same amount on the other hand goods and services are overstated and capital expenditure is understated. Transfers from MINEDUC and transfers from	Management should intensify supervision and review of the financial processes to prevent errors such as mispostings. Necessary adjustments should be made to ensure the financial statements portray the true picture of Gicumbi District's financial affairs.	850,411,665



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					FARG are misstated. The understatement of market due and overstatement of advertising income and sales of tangible asset accounts		
5	NORTHERN PROVINCE	GICUMBI	Ineligible expenditure	The district was charged interest and fines due to failure to declare and remit of withholding tax of 3%	The payments in respect of such fines and penalties amount to wasteful expenditure and diversion of district funds and the district is still being charged fines and penalties for unpaid fines and interest.	The district should ensure total compliance with the tax law in force	37,689,810
5	NORTHERN PROVINCE	GICUMBI	Inter -entity transfers not supported	The district received transfers from other Government entities but these were not sufficiently supported by transfer notes and MOU/Agreement between the district and the sender	In absence of transfer notes or MOU. I am unable to confirm the completeness of the revenue and also uncertain whether the funds were appropriately used.	The district should seek transfer advice notes or letter defining the purpose for the funds and MOU/Agreements, if applicable, for all funds received and these should be properly kept.	5,494,195
7	NORTHERN PROVINCE	GICUMBI	Performance security not covering the period of contract	The performance security provided to the District does not cover the period of contract	Failure to obtain guarantees that cover the entire contract duration may expose to risk of loss in case of failure by the contractor to execute service of	Gicumbi district should comply with the existing laws and regulations governing public procurement procedures.	23,100,000



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					supplying construction materials for construction of house of vulnerable people in Nyamiyaga sector		
8	NORTHERN PROVINCE	GICUMBI	Tenders not included in the approved annual procurement plan	Some tenders which were executed during the year had not been included in the approved procurement plan for the financial year 2010/2011	Execution of tenders outside the procurement plan may result in misuse of district resources, and this may ultimately lead to spending funds on unplanned expenditure and thus disrupt realization of intended government priority programs	Management should comply with the existing laws and regulations governing public procurement procedures. All tenders should be included in the annual procurement plan and the plan should be updated with any changes and be communicated to RPPA with appropriate explanations on timely basis	12,335,720
9	NORTHERN PROVINCE	GICUMBI	Time allocated to award tenders	The district awarded a tender which its allocated time was 18 days which is less than the time required by the law	This may have deprived the district the benefits of fair competition in terms of price, time allocation and quality	Gicumbi district should comply with the existing laws and regulations governing public procurement procedures and respect the time of preparation of tenders	123,335,720
10	NORTHERN PROVINCE	GICUMBI	Unrecorded transactions for non budget agencies within the district	The transfers made to NBA (sectors, schools, pharmacies, Hospital and health centres), receivables, payables and bank balances of NBA were not recorded in general ledger of the district	The district books of account are incomplete and the financial statements do not give a true and fair view of the financial affairs of the district. In	The district should implement government policies and procedures and ensure that all transaction of non budget agencies operating within the district are incorporated within the district books of account.	398,691,443



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					addition, it is difficult to ascertain whether funds transferred to the NBAs were utilized for the intended purposes. Internally generated revenue by these NBAs is also not adequately accounted for.	The district should ensure that at the end of each month all non budget agencies submit original copies of the cash books together with the detailed supporting document to the chief budget manager of the district, for verification approval and use in the posting them in general ledger	
11	NORTHERN PROVINCE	MUSANZE	Classification errors	Accordingly, these classification errors imply that the amounts shown in the financial statements for expenditure categories are not reliable and accurate, and therefore misleading to users of financial statements.	Such reports may mislead management and other decisions to which they form a significant input.	The District should review all classification errors in the books of account and make necessary adjustments	1,191,984,699

1.4. Western Province

#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
1	WESTERN PROVINCE	BURERA	Abandoned works relating to the construction of Gitanga market	During the physical verification of the site mentioned, it was noticed that the contractor abandoned the construction works but the performance security seized was not by the District	Failure to realize the performance security resulted in a loss of funds that should be used in completion of outstanding works.	The District management should ensure that the abandoned works are completed as soon as possible in the view of ensuring that infrastructure is usable for intended purpose.	108,340,294
2	WESTERN PROVINCE	BURERA	Classification errors	The mentioned classification errors result	Such reports	The District should review	1,437,754,519



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				in misstatement of individual components and also distort the budget execution reports	may mislead management and other decisions to which they form a significant input.	all classification errors in the books of account and make necessary adjustments	
3	WESTERN PROVINCE	BURERA	Lack of involvement of internal tender committee in tender award	The report noted a amount awarded with no evidence that the internal tender committee was involved. Thus, it is difficult to determine if tender was objective to the competition.	Non compliance with public procurement laws and procedures denies Burera District the benefits of competition in terms of price and quality and compromises the fundamental principles of efficiency, economy, transparency and other values.	Management should comply with existing laws and regulations related to public procurement.	1,446,000
4	WESTERN PROVINCE	BURERA	Partially supported expenditure	The report mentions that the expenditure was not sufficiently supported. The missing documents include list of beneficiaries and good delivery notes	Due to lack of adequate supporting documentation, there is an increased risk of invalid payments being made and this may result into misuse of public funds.	For better management of public funds, all expensive incurred by the District should adequately supported by the necessary documents.	111,531,297
5	WESTERN PROVINCE	BURERA	Penalties for delayed in execution of contracts signed between them and various contractors.	Various contracts signed between the District and various contractors revealed cases of delays ranging between two	Non compliance with contract terms may	The District should ensure that the contract terms are respected	594,720,116



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				months and 12 months in execution of contracts and no penalties were deducted from the contractors	result in the district not achieving objectives and the value of money may not be realized given that the services were not completed in the time for the district to derive the underlying benefits.	by both parties.	
6	WESTERN PROVINCE	GAKENKE	Nonpayment of 20% of contribution of Mutual Health Insurance to the District Pooling risk	It was noted that Gakenke District and all the sections of Mutual Health Insurance did not pay the required 20% of their members to the pooling risk account that is maintained by the District during the period under review.	The 20% was not remitted to the district Pooling risk account. This is non compliance with MINISANTE instruction and denies the district the funds necessary to pay for medical bills from districts hospitals treating mutuelle de Sante members on referral.	The 20% portion of collections made by each MHI section during year should be transferred to the District pooling risk account. Management should follow up and ensure the unremitted amount is recovered from the concerned sections.	31,320,367
7	WESTERN PROVINCE	GAKENKE	Unexplained differences between payroll and actual paid salaries	A difference between salaries that should have been paid and salaries paid was observed during the review of payrolls.	The completeness of employee costs made during the year cannot be confirmed and thus, the	The difference noted between the payrolls and amount paid and posted to the general ledger should be investigated and necessary adjustments made to the	8,932,333



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					employee costs reported in the financial statements are misstated.	books of accounts.	
8	WESTERN PROVINCE	GISAGAR A	Classification errors	Classification errors related to expenditure and revenue were noted in the books of account	Financial statements are misstated and that classification errors mislead users of financial statements especially the district itself in decision making	Management should ensure vigilance in recording transactions in the books of account and to ensure amounts are posted on the correct accounts in the books of account	739,922,919
9	WESTERN PROVINCE	GISAGAR A	Delay in notification of successful and unsuccessful bidders of tender awarded	The district notified successful and unsuccessful bidders of the provisional outcome of the bid evaluation for tenders after this bid validity periods had expired.	As the notification was done after the bid validity period, it was no longer possible for the unsuccessful bidders to lodge complaints if any, this limits transparency in the tender award process and its causes delays in execution of the contract	Management should ensure compliance with the public law in force	85,830,800
10	WESTERN PROVINCE	GISAGAR A	Review of accounts payable	Some invoices were not paid before the year ended 30 June 2011 and were not recorded in the books of account of Gisagara District and there	Expenditure and accounts payable are understated and in	Management should apply the organic law and properly support the payable	449,522,268



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				is an unsupported balance of payables	absence of supporting documents, it is difficult to ascertain the appropriateness of liability	balance	
1 1	WESTERN PROVINCE	GISAGARA	Tender awarded to AGRO CONSULT AND SUPPLY	The recommendation of RARDA was the basis of awarding tender to AGRO CONSULT which was not part of the requirements of the tender document. This resulted of an additional cost of 19.6m	It is evident that the district management did not exercise reasonable care especially to ensuring economy and maximizing value for money in incurring the above experience.	Management should exercise due care in incurring public expenditure to ensure attainment of maximum value for money. The fundamental principles of economy, and fairness should be duly observed in awarding tenders.	56,272,000
1 2	WESTERN PROVINCE	GISAGARA	Unreported transactions for NBA	Bank balances, debtors and payables balances of NBA's under the control of the district were omitted in financial statements of Gisagara district	The district books of account are incomplete and financial statements do not give a true and fair view of the state of financial affairs of the district	Management should ensure that all transactions on NBA operating within the district are incorporated within District books of account and NBA should submit original copies of their cashbooks together with detailed supporting documents to CBM of district for approval and use in posting the transactions in the general ledger of the district.	1,243,199,652



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
1 3	WESTERN PROVINCE	HUYE	Classification errors	The audit noted that some expenditure has been wrongly posted (e.g salaries were recorded in goods and services account or transfers and subsidies.	These classification errors imply that amounts for each expenditure line show in the financial statements are not reliable and accurate, and therefore misleading to users of financial statements.	Management should make necessary adjustments to correct the classification errors.	1,133,887,517
1 4	WESTERN PROVINCE	HUYE	Nonpayment of contribution to pooling risk fund	Huye district failed to pay its contribution to the pooling risk funds	The contribution not paid up may partly be responsible for the financial difficulties experienced by the pooling risk fund in paying bills for hospitals.	All regulations for mutual health insurance scheme should be complied with by all partners.	26,325,480
1 5	WESTERN PROVINCE	HUYE	Unrecorded transactions for NBA within the district	The district did not record the transactions in cashbooks maintained by each of the non budget agencies under its control in its books of account.	The district's books of account are incomplete and the financial statements do not give a true and fair view of the state of the financial affairs of the district. In addition, it is difficult to ascertain whether	The district should implement government policies and procedures and ensure that all transactions of non budget agencies operating within the district are incorporated within the district books of account. The district should ensure that at the end of each	167,248,859



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					funds transferred to these NBAs were utilized for the intended purposes.	month all budget agencies submit original copies of their cash books together with the detailed supporting documents to the chief budget manager of the district, for verification, approval and use in posting the transactions in the general ledgers of the district.	
1 6	WESTERN PROVINCE	HUYE	Unsupported payables	There is no detailed list of payables supporting the amount and no support documents for the amount were availed for audit.	The validity and accuracy of this amount cannot be ascertained	Detailed list of creditors should be prepared to support the amount of payables reported in financial statements in order to avoid fictitious creditors	684,296,854
1 7	WESTERN PROVINCE	HUYE	Wasteful expenditure	Huye district incurred wasteful expenditure as justice fees which resulted from court cases between Huye district and Station Discentre.	The funds used to pay for a court case lost should have financed district activities as such constitute wasteful expenditure.	For a better management of public funds, due care should be exercised to ensure the laws and regulations in force are complied with.	78,265,792
1 8	WESTERN PROVINCE	KAMONYI	classification errors	Expenses were erroneously recorded under the wrong general ledger accounts	These posting errors led to inaccuracies in the affected general	Management should ensure that extra care is exercised while uploading the approved budget in the IFMIS system	559,572,254



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					ledger accounts and hence the financial statements are not fairly stated and could be misleading to the users	such that funds are allocated to the correct budget lines. This will minimize on the occurrence of mispostings	
19	WESTERN PROVINCE	KAMONYI	Mismanagement of the financial services projects funded by VUP	Funds were given to three financial service beneficiary groups but activities in which funds were disbursed no longer existed and yet the loan repayment had not been finalized.	Since there are no funds on projects bank accounts and the projects are no longer active, the recoverability of the loan is doubtful. This may negatively impact on the sustainability on the project activities. There is risk that such funds were misused by the beneficiaries and intended project objectives may not have been achieved	Management should ensure completeness and accuracy of the funds given to beneficiaries and ensure proper follow up to recover the outstanding amounts	13,000,000
20	WESTERN PROVINCE	KAMONYI	Non compliance with Article 70 of the organic Law N037/2006	The outstanding invoices at the closure of the year ended 30 June 2011 were not recognized as liabilities in district's books of account	Failure to comply with the organic Law results in financial statements which do not fairly	The financial statements should be prepared on modified basis which requires the district to recognize all revenues	8,783,818



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					present financial affairs of Kamonyi District for the year ended 30 June 2011	collected or received and all expenditure made during the fiscal year as well as all outstanding receipts and payments.	
2 1	WESTERN PROVINCE	KAMONYI	Tender awarded to the bidders who did not submit some of the required documents	The internal tender committee awarded different tenders to the bidders who did not submit the notarized tax clearances, notarized trading license and clearance certificate from Social Security Fund of Rwanda	Tenders awarded without following the criteria as set in the tender documents may imply that the principles of transparency and fairness were not applied, Thus the evaluation process may have not complied with the laws in place	Management should always comply with the public procurement guidelines and procedures.	292,040,321
2 2	WESTERN PROVINCE	KAMONYI	Unrecorded transactions of NBA within the district	The NBA under the control of Kamonyi District did not submit their cash books and related supporting documents of the district for verification, approval and use in posting transactions in the district books of account.	The district books of account are incomplete and do not portray a true and fair view of the financial statements and position of the district	Management should ensure that all transactions on NBA operating within the district are incorporated within District books of account and NBA should submit original copies of their cashbooks together with detailed supporting documents to CBM of district for approval	69,021,858



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
						and use in posting the transactions in the general ledger of the district.	
2 3	WESTERN PROVINCE	KARONGI	Partially supported tenders	Some documents for tenders awarded during the period under audit were not availed to auditors for review	The district did not comply with the public procurement regulations, making it difficult to confirm whether there was transparency in awarding these tenders. There is a risk that Karongi district did not acquire goods and services of good quality at reasonable prices	Management should comply with public tendering procedures in force to ensure transparency. All documents relating to the procurement proceedings should be prepared and securely kept as required by the procurement law.	159,852,956
2 4	WESTERN PROVINCE	KARONGI	Tenders awarded outside the approved procurement plan	Some tenders which were executed during the year had not been included in the approved procurement plan for the financial year 2010/2011	Execution of tenders outside the procurement plan may result in misuse of district resources, and this may ultimately lead to spending funds on unplanned expenditure and thus disrupt realization of intended	Management should comply with the existing laws and regulations governing public procurement procedures. All tenders should be included in the annual procurement plan and the plan should be updated with any changes and be communicated to RPPA with appropriate	32,797,500



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					government priority programs	explanations on timely basis	
25	WESTERN PROVINCE	KARONGI	Transactions on bank account were omitted from the books of account	The closing bank balance of two district pharmacy and one of BDS were not disclosed in the districts' books of account, and a similar finding had been highlighted in previous audit report of 30 June 2010	Bank balances reported in financial statements are significantly understated by omitted bank balances. Thus the financial statements do not show a true and fair view of the financial affairs of District	Management should ensure that transactions occurring on these bank accounts have been properly monitored and recorded in the books of account	129,810,433
26	WESTERN PROVINCE	KARONGI	Unrecorded transactions for non budget agencies within the district	The transfers made to NBA (sectors,schools,pharmacists,Hospital and health centres) were not recorded in books of account of the district and bank balances of NBA were not included in financial statements. There were no review of these transactions and bank reconciliation by district, and outstanding debtors of 49m were not disclosed in financial statements	Accordingly , the district books of account are incomplete and do not portray a true and fair view of the financial statements and position of the district	Management should ensure that all transactions on NBA operating within the district are incorporated within District books of account and NBA should submit original copies of their cashbooks together with detailed supporting documents to CBM of district for approval and use in posting the transactions in the general ledger of the district.	60,808,478
27	WESTERN PROVINCE	MUHANGA	Non compliance with Article 70 of the organic Law n0 37/2006	The report noted outstanding invoices that were not recognized as payables in the district's	The reported expenditure and	The District should comply with the requirements	117,131,689



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				books of account. This indicates that management did not comply with the cut-off principle under the modified cash basis of accounting.	payables are under stated.	of the Organic Law and include all expenditure and outstanding payments in the statements of the project.	
28	WESTERN PROVINCE	MUHANGA	Wasteful expenditure	Government expenditure should be incurred with due regard to economy and efficiency, means incurring necessary cost at appropriate prices, attaining quality standards as well as at appropriate time. The District did not respect these government procedures of payment of 3% stipulated by the law.	This is wasteful expenditure which should have been avoided if the district had paid the retained taxes on time. The amount paid constitutes diversion of public funds.	Going forward, the District should comply with laws and regulations in force.	25,683,843
29	WESTERN PROVINCE	MUSANZE	Nonpayment of 20% of contribution by the District and various sections of Mutuelle de santé	It was noted that Musanze District and all the sections of Mutual Health Insurance did not pay the required 20% of their members to the pooling risk account that is maintained by the District during the period under review.	The District and Mutual Health scheme sections are not comply with the instruction from the Ministry of Health. Consequently, the District may fail to settle all the invoices submitted by the district Hospitals and Health centres.	The district management and all sections should endeavor to deduct 20% of the total member's contributions and deposit this to the pooling risk account as stipulated by the instruction from the Ministry.	41,224,800
30	WESTERN PROVINCE	NGORORERO	Classification errors	Various posting errors in general ledger accounts were not posted in correct accounts in line with official chart of accounts in	The posting errors imply that amounts shown in	Management should make necessary adjustments to correct the	383,855,134



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				use(e.g wages and salaries recorded in goods and services)	the financial statements for each expenditure line are not accurate and therefore misleading to the users of the financial statements.	posting errors highlighted above. Management should intensify review efforts to ensure that all transactions are reviewed for appropriate posting in the general ledger.	
31	WESTERN PROVINCE	NGORORE RO	Difference between expenditure as per budget execution report and expenditure as per financial statements	There is unexplained difference between expenditure as per budget execution report and expenditure as per financial statements	The management of the district may mislead users due to unexplained difference between the budget execution report and financial statements balances	The management of the district should investigate the cause of the differences and make appropriate adjustments to help users easily understand these financial statements and management accounts.	1,484,122,097
32	WESTERN PROVINCE	NGORORE RO	Lack of contribution of 20% to the pooling risk and the district	The district did not deposit the 20% of the total contribution of mutual health insurance scheme	Failure to set arise funds in form of contributions to the pooling risk account by mutual health sectors and the district, there may not be enough funds to pay invoices from the district hospital. In turn this will paralyze	The District should ensure that the mutual health insurance branches contribute their portion to facilitate the better functioning of mutual health insurance.	54,044,800



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					service delivery at the hospital.		
3 3	WESTERN PROVINCE	NGORORERO	Non compliance with Organic Law N037/2006	There are two hospitals invoices outstanding as at 30 June 2011 were not disclosed as liabilities in the financial statements of the year ended 30 June 2011	This is non compliance with 70 of organic Law No 37/2006 of 12 September 2006 on state finances and property. Further, both the creditors balance and respective expenditure accounts as at 30 June 2011 were understated to the tune of undisclosed balance and thus the financial statements as at 30 June 2011 are misstated.	Ngororero District should always ensure full compliance with the requirements of the Organic Law and include all outstanding liabilities in the financial statements of the project.	10,927,475
3 4	WESTERN PROVINCE	NGORORERO	Unsupported payables	The audit noted the district had creditors which are not supported by any verifiable documents like invoice from supplier or contract	In the absence of supporting documents, I cannot confirm the authenticity of creditors' amount. Financial statements may not be fairly stated.	All entries in the books of account should be sufficiently supported and related documentation properly filed for audit and other reference purpose.	329,546,577



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
35	WESTERN PROVINCE	NYABIHU	Posting errors noted under revenue and expenditure ledger account	Some transfers from Mutual Health insurance, transactions related to wages and salaries, capital expenditure and expenses were wrongly recorded in the district's financial books.	The posting errors led to inaccuracies in the affected general ledger accounts and hence the financial statements are not fairly stated.	Relevant adjustments should be made to correct the mentioned posting errors and consequently the financial statements.	736,227,248
36	WESTERN PROVINCE	NYABIHU	Unexplained difference between salaries costs records in general ledger and payrolls lists	The report shows a difference between the salaries recorded in general ledger and the total salaries paid to employees of the district	The records in wages and salaries' account are not fairly stated and this may lead to misstatements of financial statements.	The district management should investigate the difference noted in the employee costs as per the district monthly payroll lists and financial statements and make necessary adjustments.	723,308,436
37	WESTERN PROVINCE	NYAMAGABE	Classification errors	Transactions related to expenditure were erroneously classified under wrong account.	These classification errors imply that amounts shown in the financial statements for each component are not accurate and therefore misleading to management and other users of financial statements.	Management should review the books of account and make necessary adjustment to ensure proper classification of amounts presented in the financial statements	2,081,980,399
38	WESTERN PROVINCE	NYAMAGABE	Overstatement of accounts payable and expenditure	The report shows an amount which was recorded under payables as outstanding salaries for	As a result, the financial statement	The entries passed to these ledger accounts and resulting	46,192,173



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				2011, and yet this one was paid in June 2010. On paying the amount it was again recorded as expenditure for the year 2011.	do not show a true and fair view of Nyamagabe District's financial affairs	balance should be reviewed and relevant corrective entries passed to rectify the errors as appropriate.	
39	WESTERN PROVINCE	NYAMAGABE	Partially supported expenditure	The report mentions that the expenditure was not sufficiently supported. The missing documents include list of beneficiaries and good delivery notes	Due to lack of adequate supporting documentation, there is an increased risk of invalid payments being made and this may result into misuse of public funds. Further, the appropriateness of this expenditure cannot be confirmed.	For better management of public funds, all expenses incurred by the District should adequately supported by the necessary documents.	267,331,102
40	WESTERN PROVINCE	NYAMASHENGE	Classification errors	Wages and salaries, transactions for capital expenditures, transfers and subsidies were wrongly recorded or posted.	Such posting errors imply that the respective expenditure line balances reported in the financial statements for the year end June 2011 are inaccurate and not fairly stated. Thus, the financial statements may not show a true	The district management should ensure that the extra care is exercised while uploading the approval budget in the IFMIS system. The finance unit team should ensure that transactions are initiated in the correct budget line and where funds have been exhausted on a particular budget.	1,860,075,067



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					and fair view of affairs of District.		
4 1	WESTERN PROVINCE	NYAMASH EKE	Salaries and allowances paid to ineligible employees	An employee continued to get the monthly allowance and yet he had ceased occupying the position of accountant that qualifies for such allowance.	Payment of allowances for some district staff who do not qualify for such allowances resulted in wasteful expenditure which could have been avoided had extra care been exercised by management. Such weaknesses also portray a poor system of internal controls over the payrolls	Allowances and salaries should be paid to eligible employees in accordance with laws and regulation in force. Further, the amounts unduly paid by the district should be recovered from the concerned beneficiaries	767,448
4 2	WESTERN PROVINCE	NYAMASH EKE	Salaries paid to teachers who were no longer in service	A total of 55 teachers continued to appear on the payrolls for the month of January 2011 even though they were no longer serving at the concerned schools during that month.	This amounts to unnecessary expenditure that could have been avoided if due care had been exercised. The District did not put in place adequate internal controls to safeguard the public resources. This can influence managers	The District management should ensure that the amounts unduly paid are recovered from the concerned beneficiaries. The District should ensure that salaries are only paid to staff that are still in service at schools under the district.	2,058,109



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					to defraud the district funds.		
4 3	WESTERN PROVINCE	NYARUGURU	Classification errors	The mentioned classification errors result in misstatement of individual components and also distort the budget execution reports	Such reports may mislead management and other decisions to which they form a significant input.	The District should review all classification errors in the books of account and make necessary adjustments	1,513,875,394
4 4	WESTERN PROVINCE	RUBAVU	Classification errors	The audit noted that some expenditure has been wrongly posted (e.g salaries were recorded in goods and services account and capital expenditure account	The posting errors imply that affected captions of the financial statements are misstated and therefore do not provide accurate information about the financial operations of the district as 30 June 2011.	Management should ensure regular review of transactions posted in the books of account is made to enable timely detection and correction of posting error.	1,455,610,893
4 5	WESTERN PROVINCE	RUBAVU	Expenditure not fully supported	The district incurred expenditure without sufficient supporting documents.(The missing documents are: Purchase order, delivery notes, valuation report, invoices, payment voucher, notification letter, funds utilization reports, and attendance lists	In absence of adequate supporting documents for payments made by the district, the appropriateness and validity of these payments may not be ascertained	For the better management of public funds, all payments should be adequately supported by necessary documents	1,297,334,146



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					Fraudulent transactions may be carried out without being detected and may lead to future disputes with suppliers and other third parties		
46	WESTERN PROVINCE	RUBAVU	Invoice recorded twice in district books of account	Invoices reported as liabilities in the financial statements as at 30 June 2011 had been paid during the year under audit. This was due to the fact that these transactions were recorded twice in books of account.	The district liability and expenditure as at 30 June 2011 are overstated in the financial statements. Hence, misstatement of the district financial statements. In addition to that, there is risk of double payment for one invoice.	The district management should ensure that adjustment is done in the books of account to correct this issue	34,587,202
47	WESTERN PROVINCE	RUBAVU	Lack of the deduction and remittance of the statutory deductions of PAYE and CSR contributions.	The district did not deduct and remit PAYE and CSR on salaries and bonus to tender committee during the year under audit and the district has not declared and paid the PAYE to RRA	The failure to deduct and remit statutory deductions will lead to payment of penalties which are an undue expenditure which could have been avoided had proper care been	The district management should comply with law No 16/2005 of 18/08/2005 on direct taxes on income and the amount identified as not remitted should be remitted immediately	1,039,798,052



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					taken by management		
48	WESTERN PROVINCE	RUBAVU	Non compliance with organic law No 37/2006	Invoices received before 30 June 2011 were not disclosed as liabilities in the financial statements as at 30 June 2011	The closing balances of account payable and fund balance as at 30 June 2011 are misstated to the extent of unrecorded liabilities	The district management should comply with the provisions of organic law. Further, a statement of all outstanding receipts and payments before the end of the fiscal year should be prepared.	11,920,000
49	WESTERN PROVINCE	RUBAVU	Penalties arising from delayed works	The district did not deduct penalties on various tenders awarded which were delayed executed.	Rubavu district did not comply with the public procurement law and regularizations in force and the contract terms. This implies weakness in contract management as the district failed to enforce penalties provided for in the signed contracts	Rubavu district should ensure that all contracts are executed in compliance with the procurement legislation in force. Mechanisms should be put in place to ensure adequate monitoring of the progress on execution of contractual works	27,314,993
50	WESTERN PROVINCE	RUBAVU	Transactions double recorded	The audit noted that some transactions were recorded twice in the books of account under uses of goods and services ad transfers and subsidies	Expenses were overstated and the bank balances was understated	These recording errors should be immediately corrected and in future care should be taken while posting entries into the accounting system to avoid errors. Regular review of ledgers by the	56,066,762



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
						director of finance should be done to minimize these errors.	
5 1	WESTERN PROVINCE	RUBAVU	Unexplained difference between the amount of wages and salaries of administration staff recorded in the financial statements and payrolls	There is an unexplained difference between the amount of wages and salaries of administration staff recorded in the financial statements and payrolls	The audit cannot confirm the completeness and accuracy of employee costs paid by district during the year ended 30 June 2011. Accordingly, the wages and salaries included in the financial statements may not be fairly stated	The district management should investigate the causes of this difference and make necessary adjustments in the books of account	591,939,505
5 2	WESTERN PROVINCE	RUBAVU	Unexplained difference between the amount of wages and salaries transferred by the district and the payrolls of health centres	There is an unexplained difference between the amount of wages and salaries as per health centers payrolls and those transfers by the district and received by health centers.	The audit cannot confirm the completeness and accuracy of employee costs for medical staff paid by district during the year ended 30 June 2011. Accordingly, the wages and salaries included in the financial statements may not be fairly stated	The district management should investigate the causes of this difference and make necessary adjustments in the books of account	37,482,200
5 3	WESTERN PROVINCE	RUBAVU	Unrecorded transactions for NBA within the district	The district did not maintain a cashbook held by each of the NBA under its control within its books of account.	The district's books of account are incomplete	The district should implement government policies and	310,607,672



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					and the financial statements do not give a true and fair view of the state of the financial affairs of the district. In addition, it is difficult to ascertain whether funds transferred to these NBAs were utilized for appropriate and genuine purpose.	procedures and ensure that all transactions of non budget agencies operating within the district are incorporated within the district books of account. The district should ensure that at the end of each month all budget agencies submit original copies of their cash books together with the detailed supporting documents to the chief budget manager of the district, for verification ,approval and use in posting the transactions in the general ledgers of the district.	
5 4	WESTERN PROVINCE	RUBAVU	Unsupported adjustments	The adjustments made during the year under audit were not supported by any journal vouchers approved by the chief budget manager.	The financial statements may be misstated since there is no Clair control mechanism of passing adjustments in the district books of account, justification and details journal vouchers	All adjustments made in the books of account must be supported by a journal voucher approved by the chief budget manager and this should be filed for future reference.	1,310,389,088



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					approved by the budget manager. There is risk of perpetration of fraudulent activities		
55	WESTERN PROVINCE	RUBAVU	Wasteful expenditure	The district paid penalties for the delays in remittance of PAYE to RRA	Money paid as penalties was not within the approved budget of Rubavu district and could have been avoided had the remittances been made in time.	District should comply with laws and regulations in force, specifically timely payment of statutory deductions to avoid the wasteful expenditure.	1,751,328
56	WESTERN PROVINCE	RUSIZI	Absence and forged bank performance guarantee	Bank performance guarantee for construction of sport grounds was forged by the constructor ECOMA and others were not provided.	In absence of performance securities, the district may be exposed to losses when the contractors did not comply with the contract terms of agreed upon.	Performance securities should be obtained from successful bidders prior to signing contracts.	25,077,161
57	WESTERN PROVINCE	RUSIZI	Benefits and bonuses unduly paid to district staff	The 13th month salary bonus was given to District staff, yet this was not legal and the beneficiaries should refund the money but the balance was not presented in financial statements	These constitute unnecessarily expenditure which would have been avoided if due care had been exercised. Further the debtor's	No expenditure should be incurred by the district without prior appropriate authorization and all staff benefits should be awarded in accordance with the laws in force	33,536,350



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					presented in financial statements was understated as the outstanding balances to be repaid by the staff were not included.		
58	WESTERN PROVINCE	RUSIZI	Classification errors	The audit noted that some expenditure has been wrongly posted (e.g salaries were recorded in goods and services account)	Posting errors led to the misstatement of the balances in the books of account and reported in the financial statements for salaries etc...This may mislead the users of the financial statements	Management should ensure transactions are properly recorded in the books of account to enable fair presentation of account's balances in the financial statements	1,236,514,738
59	WESTERN PROVINCE	RUSIZI	Difference between the amount of wages and salaries per District's payrolls and amounts re-computed during the audit	The wages and salaries reported in district's financial statements were wrongly computed.	There is risk that balances for employees' wages and salaries were misstated in the books of account and financial statements	The management should ensure that payroll is correctly computed.	9,935,637
60	WESTERN PROVINCE	RUSIZI	Salaries paid to teachers who were no longer in service	The audit noted that seven teachers were paid salaries though they left the service.	This amounts to wasteful expenditure and the unduly paid could have been used in other	The district should ensure that salaries are only paid to staff that are still in service at schools under the district. Any changes to staff	595,504



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					district priorities	members as a result of recruitment, dismissal or resignation of the employee should be timely. Further, the district should ensure the amounts unduly paid are recovered from the beneficiaries	
6 1	WESTERN PROVINCE	RUSIZI	Tender awarded outside the approved annual procurement plan	Seven tenders were awarded outside the procurement plan approved for the year ended 30 June 2011	Awarding tenders not included in annual procurement plan may expose the district to the risk of incurring unplanned expenditure	The tenders should be awarded in accordance with the approved annual procurement plan. The annual procurement plan should be periodically revised and updated as new priorities and/or needs occur, and then the revised should be submitted to RPPA	246,563,813
6 2	WESTERN PROVINCE	RUSIZI	Tender not awarded though included in the approved annual procurement plan	Eight tenders were not awarded though they were included in the approved annual procurement for the year ended 30 June 2011	Failure to award the planned tenders may mean that the related activities were not carried out by the district as planned.	The tenders should be awarded in accordance with the approved annual procurement plan. The annual procurement plan should be periodically revised and updated as new priorities and/or needs occur, and then the revised	1,036,400,000



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
						should be submitted to RPPA	
63	WESTERN PROVINCE	RUSIZI	Tenders awarded using inappropriate tendering methods	Tenders were awarded using the request of quotations method instead of restricted method	This may imply non compliance with provisions of public procurement law in force. Potential bidders may not tender whereas they were qualifying if the appropriate tendering method was used.	Tenders should be awarded using the appropriate tendering methods in line with provisions of the public procurement Law in force.	40,615,258
64	WESTERN PROVINCE	RUSIZI	The invoices for mutuelle de sante omitted in the financial statements	The invoices issued by hospitals to the district for mutuelle de sante are outstanding at the end of the year under review, however these liabilities were not disclosed in the financial statements	Non compliance with the organic law on state finances and property led to understatement of expenditure and accounts payable as at 30 June 2011	For a better management of public funds, all expenses incurred by the District could be adequately supported by necessary documents. Those documents should be chronologically referenced for future reference and properly filed.	287,232,983
65	WESTERN PROVINCE	RUTSIRO	Classification errors	Classification errors were made by crediting the expenditures and transfers in wrong ledger accounts.	These posting errors led to inaccuracies in the affected general ledger accounts and hence the financial statements	Relevant adjustments should be made to correct those posting errors and consequently the financial statements. In future the district should ensure that posting in books is made	1,414,104,732



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					are not fairly stated.	following the chart of accounting issued by MINECOFIN.	
6 6	WESTERN PROVINCE	RUTSIRO	Contract signed without performance security	Rutsiro District signed a contract with two suppliers without obtaining performance security while the value exceeded 5,000,000 as required by the law	The absence of performance security on tenders awarded exposes the district to the risk of loss in the event the supplier fails to comply with the agreed terms of the contract.	Rutsiro district should comply with the existing laws and regulations governing public procurement procedures.	24,872,239
6 7	WESTERN PROVINCE	RUTSIRO	Double recorded payment	The expenditure of supplying furniture's to Health centres, transaction related to assisting vulnerable groups was again, salaries and wages, invoice of EHAC,EPRIBO were all recorded twice in District books of account.	The affected general ledger accounts were overstated and hence the financial statements are not fairly stated.	Relevant adjustments should make to correct the above errors and consequently the financial statements.	102,571,934
6 8	WESTERN PROVINCE	RUTSIRO	Lack of detailed information on amount payable	Included in the notes to the financial statements under the breakdown for accounts payable, there are payables that have not been analyzed to provide details of the creditors.	This amount may not be genuine and therefore the accounts payable reported in the financial statements are misstated.	The district should investigate this figure and ensure that is properly supported. In the event that is amount is not genuine, are adjustments be passed to remove this amount from the books of account.	193,012,766



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
69	WESTERN PROVINCE	RUTSIRO	Partially supported tenders	The audit noted that some tenders documents were not available during the audit	In absence of supporting documents for the tenders awarded, the audit cannot confirm if all the tenders were awarded in compliance with the procurement laws and regulations in force.	Management should ensure that all tenders awarded are fully supported by tender advert, bidding documents, bid, bid opening and evaluation, tender award notification, contract signed between two parties, etc....	407,441,099
70	WESTERN PROVINCE	RUTSIRO	Unexplained difference between salaries cost records in general ledger and payroll lists	The audit noted an unexplained difference between salaries recorded in wages and salaries ledger account and the payroll from Human Resources	The records in wages and salaries account are not fairly stated and financial statements may be misstated.	The district management should investigate the difference noted in the employee costs as per the district monthly payroll lists and financial statements and make necessary adjustment where possible.	700,308,331
71	WESTERN PROVINCE	RUTSIRO	Unrecorded transactions for NBAs within the district	The district did not verify supporting documents of NBAs and did not obtain the bank reconciliation statements from NBAs and did not maintain the cashbook of all NBA under its control in its books of account.	The books of account of Rutsiro District are incomplete and do not portray a true picture of the financial transactions and position of the district at 30 June 2011.	The district should implement government policies and procedures and ensure that all transactions of non budget agencies operating with the district are incorporated with the district books of account. The district should ensure that at the end of each month all NBA	406,490,573



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
						submit original copies of their cash books together with the detailed supporting document to the executive secretary of the district for verification, approval and use in posting the transactions the general ledger of the district.	

2.5 Kigali City

#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
1	KIGALI CITY	GASABO	Classification errors	Expenses relating to construction of roads and classrooms were recorded in goods and services instead of capital expenditures	Owing to the mispostings, amounts shown in the financial statements for expenditures categories are not reliable and accurate and therefore misleading to users of financial statements	Management should ensure that expenditure is recorded under correct categories in the general ledger	380,805,985
2	KIGALI CITY	GASABO	Lack of evidence of involvement of local authorities in the expropriation	The review of expropriation cost based on report revealed that there was no signature of local authorities such as village, cells or sectors from where the properties are located	In absence of evidence of involving local authorities in the expropriation process, there is a	Management should work with local authorities in the expropriation process to ensure the identities of	157,035,609



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					risk of paying fictitious beneficiaries	beneficiaries are confirmed before any payments can be made	
3	KIGALI CITY	GASABO	Non compliance with Organic Law on State Finances and Property	Expenditures for goods and services that were consumed during the year ended 30 June 2011 and related invoices were not paid and were not recognized as expenditure for the period	Expenditure for the period as well as creditors balance are understated . The financial statements are not fairly stated and are misleading to management and users	Failure to comply with the requirements of article 70 of organic law No 37/2006 of 12 Sept 2006 on state finances and property which requires the district to recognize all revenues collected or received and all expenditure made during the fiscal year as well as all outstanding receipts and payments before the end of the fiscal year	48,540,401
4	KIGALI CITY	GASABO	Partially supported expenditure	The expenditure relating to sharing between the district and surveyor of land survey fees was partially supported, The missing documents include: report showing different persons whose plots were measured, evidence of banking survey fees for the period of 27/7/2010 to 31/8/2010.	Lack of adequate and verifiable documentation for any payment increases the risk of invalid payments being made which may result into misuse of public funds and fraudulent transactions being carried out without being detected.	Management should ensure that for any payment to be made, all necessary and complete supporting documentation is available	10,268,164
5	KIGALI CITY	GASABO	Poor monitoring of contract of ECOSUTRAP	The contractor was paid for unauthorized works, he was paid 76% of the contract	Part of money paid to	The management should plan well	112,142,500



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				amount while the work completed was at 17 %	contractor is wasteful expenditure which result of poor planning and expose the District to risk of overpayment and possible loss	before issuing tender documents to ensure adequate coverage of the required scope of works and should investigate the case of payments made to the contractor.	
6	KIGALI CITY	GASABO	Tenders awarded outside the approved procurement plan	Some tenders which were executed during the year had not been included in the approved procurement plan for the fiscal year 2010/2011	This is an indicator of poor planning and exposes the District to a risk of purchasing goods and services which were not budgeted for. Procurement outside the procurement plan may entail allocation of district funds to non priority activities	Management should comply with the existing laws and regulations governing public procurement procedures. All tenders should be included in the annual procurement plan and the plan should be updated with any changes and be communicated to RPPA with appropriate explanations on timely basis	403,434,744
7	KIGALI CITY	GASABO	Tenders awarded without involvement of Internal Tender Committee	The district signed a contract with COATB-GASABO to executive construction works to eradicate nyakatsi in ndera sector. However, this tender was awarded without involving the Internal Tender Committee and He failed to execute the works when he had not provided the performance security.	The District did not comply with the existing procurement laws and regulations and a result did not realize the intended objectives in time.	Management should ensure compliance with the procurement laws and regulations in force. This will facilitate selection of competent contracts and execution planned works on a timely basis	117,522,400
8	KIGALI CITY	GASABO	Transfers to sectors are not supported by utilization reports	Transfers made to sectors were not supported by the utilization reports	Without obtaining and	For better management of public funds, all	322,569,467



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					reviewing utilization reports, the district is unable to ascertain whether amounts disbursed to sectors were used for the intended activities	expenses incurred by the district should be sufficiently supported and related supporting documents should be filed and kept for future reference. Utilization reports for funds disbursed to sectors be obtained and reviewed by district management	
9	KIGALI CITY	KICUKIRO	Classification errors	Transactions amounting to 763,265,073 Rwf on debit side and 26,702,105 Rwf on credit side have been wrongly posted, and these errors affected the following accounts, grants, transfers from government entities, goods and services, direct payments, compensation of employees, transfers and subsidies and capital expenditure	The balances of concerned accounts shown in financial statements are not reliable and accurate and therefore are misleading to users of financial statements.	Management should ensure regular review of transactions posted in the books of accounts is made to enable timely detection and correction of posting errors	789,967,178
10	KIGALI CITY	KICUKIRO	Difference between amount of compensation of employees as per payroll and as per financial statements	There is a difference between salaries as per approved payrolls (hard copy) and what were reported in financial statements	There is a risk that salaries may have been paid for in-existent staff since the salaries in the financial statements is not fully supported by the payrolls	Management should investigate this difference and make necessary corrections, and always ensure that the salaries ledger is reconcile to the payrolls on monthly basis	41,114,345



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
1 1	KIGALI CITY	KICUKIRO	Failure to pay 20% of total contributions by the district and various sections of mutuelle de sante	The district did not transfer the 20% of total contributions of mutuelle de sante and its own contribution to pooling risk account as per Ministry of Health instructions	The district and mutuelle de sante are not complying with the instructions from the Ministry of health, Consequently the district may fail to settle all the invoices submitted by the district hospitals and health centres due to failure to collect the required funds from mutual insurance scheme	The district and mutuelle de sante are not complying with the instructions from the Ministry of health which requires that 20% of total contribution to mutual insurance.	66,925,200
1 2	KIGALI CITY	KICUKIRO	Irregularities noted during the award of a tender for paving the compound and road to Kicukiro District	The district awarded tender for paving the compound and road without involving the tender committee, and this tender was not included in procurement and again a contract was signed without a performance security	It is difficult to confirm whether the principles of transparency and accountability and fairness were observed in the award of this tender, RPPA was unable to effectively exercise its monitoring role over such procurement, and failure to secure a performance guarantee	Management should always comply with the public procurement guidelines and procedures.	30,494,595



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					exposes the district to a financial loss		
13	KIGALI CITY	KICUKIRO	Tenders awarded outside the approved procurement plan	Some tenders which were executed during the year had not been included in the approved procurement plan for the financial year 2010/2011	Execution of tenders outside the procurement plan may result in misuse of district resources, and this may ultimately lead to spending funds on unplanned expenditure and thus disrupt realization of intended government priority programs	Management should comply with the existing laws and regulations governing public procurement procedures. All tenders should be included in the annual procurement plan and the plan should be updated with any changes and be communicated to RPPA with appropriate explanations on timely basis	398,281,892
14	KIGALI CITY	KICUKIRO	Unexplained difference between the expenditure as per financial statements and that as per budget execution report	The total expenditure in financial statements differed from that in budget execution, and management was unable to reconcile the difference of 658,183,011 Rwf	The reliability and accuracy of both financial statements and budget execution report cannot be ascertained	Management should establish the cause of the difference and in future efforts should be made to ensure the budget execution is always reconciled to the financial statements	658,183,011
15	KIGALI CITY	KICUKIRO	Unrecorded transactions for non budget agencies within the district	The transfers made to NBA (sectors, schools, pharmacis, Hospital and health centres) were not recorded in general ledger of the district and bank balances of NBA were not included in financial statements	The District books of account are incomplete and financial statements, there from do not give a true and fair view of the state of the financial affairs of the district.	Management should ensure that all transactions on NBA operating within the district are incorporated within District books of account and should ensure adequate and timely monitoring of	1,368,831,619



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					In addition, absence of proper monitoring and follow up utilization of public funds by the district may result in misuse of public resources.	activities of NBA where funds have been transferred.	
16	KIGALI CITY	KICUKIRO	Unsupported creditors's balances	The district recorded creditors in its books of account without any supporting documents	Unsupported accounts payable balances may lead to fictitious transactions in the books of account and consequently, financial statements not be fairly stated	Management should ensure that all transactions recorded in books of account should be adequately supported by reliable and verifiable documents	6,979,568
17	KIGALI CITY	KICUKIRO	Unsupported expenditures	The District incurred unsupported expenditure and made adjustments without any supporting document during the year under review	In absence of the necessary supporting documentation, it is difficult to confirm the validity and authenticity of the expenditure reported and the adjustment made. The financial statement may not be fairly stated.	For better management of public funds, all expenses incurred should be supported by the necessary documents detailing their utilization. These documents should be well kept for future reference.	62,846,425
18	KIGALI CITY	KICUKIRO	Withdrawals from the bank account not accounted for	During the year, funds were withdrawn from Kigarama sector bank account opened in ECOBANK but were not supported by any document, the withdrawal was made by former	Failure to account for the funds withdrawn from sector's bank	Management should strengthen the internal control system over the bank account and bank	66,169,071



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
				accountant who forged the signature of Executive secretary	account implies that such funds have been used for personal benefits and thus the funds can be fraudulently utilized for personal gains	reconciliation should be reviewed so as to prevent/detect fraudulent utilization of public funds	
19	KIGALI CITY	NYARUGENGE	classification errors	There are many expenditures which were recorded in wrong accounts (e.g purchase of fuel was recorded in intelligence cost)	This error has led to the overstatement and understatement of affected accounts by the posting errors. Thus the financial statements are not reliable and accurate.	Necessary adjustments should be made to correct the errors in the books of account. In future, management should ensure that all transactions are classified in the proper accounts.	8,071,538
20	KIGALI CITY	NYARUGENGE	Difference between expenditure as per financial statements and expenditures as per budget execution report	There is unexplained difference between expenditure as per financial statements and expenditures as per budget execution report	Errors and omissions in budget execution reports may mislead the decision makers relying on such reports, Accuracy and completeness of expenditure in financial statements cannot be confirmed	Management should ensure that budget execution report is reviewed properly for accuracy and completeness of reported figures to enable proper monitoring of commitment and accountability	2,169,626,470
21	KIGALI CITY	NYARUGENGE	Non compliance with Organic Law on State Finances and Property	The audit noted that invoices of shelter international and Agruni were not included in district's financial statements	Non compliance with the organic law on state finances and	The district should comply with the organic law on state finances and property.	3,003,734



#	Province	District	Complaints	Description	Risk	Recommendation	Amount in RWF
					property led to understatement of expenditure and accounts payable as at 30 June 2011	Particularly, they should prepare their books of account and financial statements on a modified cash basis which requires the district to recognize all expenditures made during the fiscal year as all outstanding payments	
22	KIGALI CITY	NYARUGENGE	Non compliance with procurement procedures	The tenders were awarded using wrong procurement method of tender and others were lack of performance security	Non compliance with public procurement laws and procedures denies Nyarugenge District the benefits of purchasing goods and services of high quality at competitive prices. This also compromises the fundamental principles of efficiency, economy, transparency and other values and fairness in the management of public funds	Nyarugenge district should comply with Law no 12/2007 of 15 April 2007 that determines the procedures to be followed in awarding public tenders and ensure that procurement procedures in force are strictly adhered to.	145,951,546



References

1. Auditor General Report 2011

**TRANSPARENCY INTERNATIONAL
RWANDA**

P.O. BOX. 6252 KIGALI, RWANDA

TEL: +250 (0)788309583

TOLL FREE: 2641 (TO REPORT CASES OF CORRUPTION),

E-MAIL: INFO@TIRWANDA.ORG

WEBSITE: WWW.TIRWANDA.ORG



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