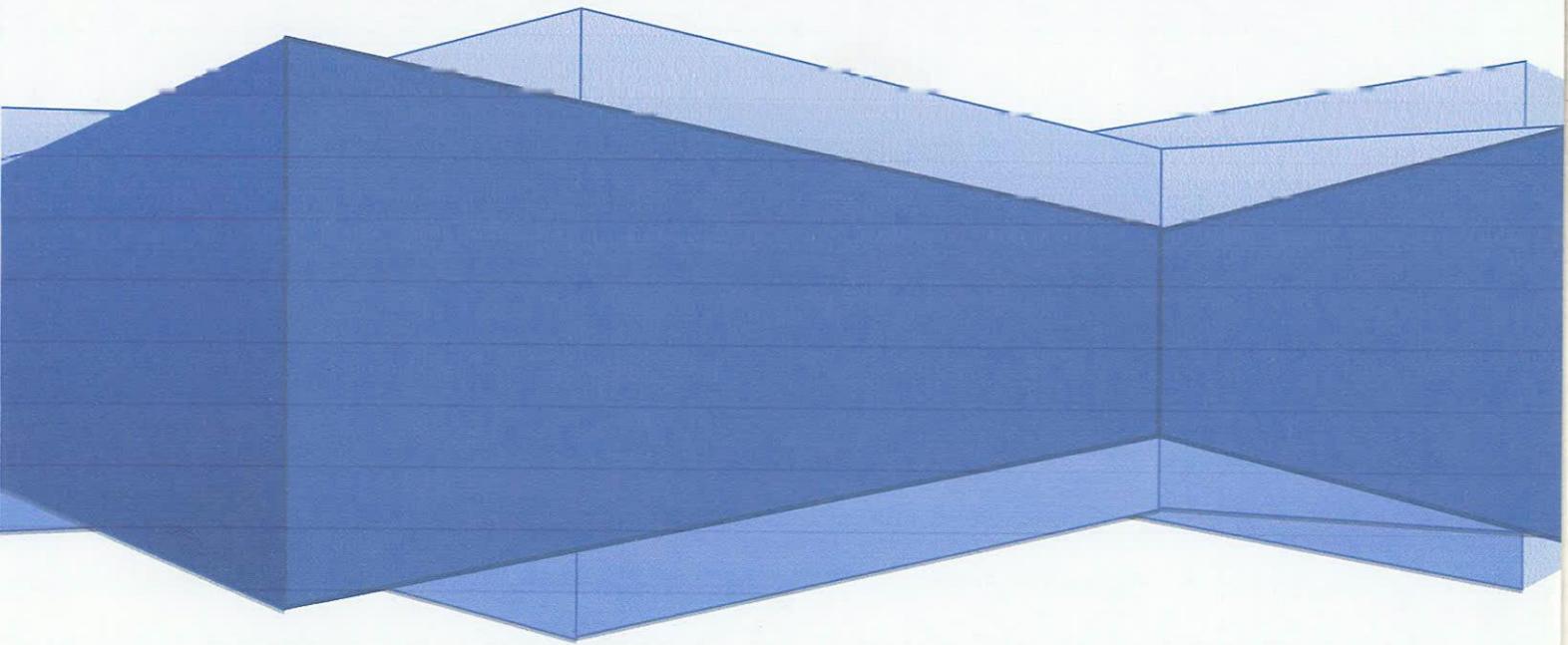




**TRANSPARENCY INTERNATIONAL RWANDA
AUDIT REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022**



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1 Introduction

1.1 Overview of the Organization

TRANSPARENCY INTERNATIONAL RWANDA was created in August 2004 and became operational some 18 months after and is a non-profit making organization, dedicated to fight corruption and related offences as well as to promote good governance.

Transparency International Rwanda was affiliated to Transparency International under the status "contact group", "Chapter in formation" and got its status as national chapter since 2011.

The following are the main objectives of the organization:

- To prevent and combat corruption and related offences through working with broad coalitions of individuals and organizations;
- To promote good governance and corporate transparency;
- To associate and/or work in collaboration with other associations both within and outside Rwanda, which share common principles;
- To provide proper information on the status of corruption in Rwanda;
- To establish a deepening awareness of all forms of bad practices and to foster a productive dialogue on the topic.

Organization's Core Values;

- Integrity
- Participation
- Diversity
- Equal opportunity
- Democracy
- Accountability
- Transparency

The structures of the Organization

The organs of the association are as follows;



- General Assembly which is the supreme organ.
- Board of Directors
- Audit committee
- Advisory and conflicts resolution committee
- • Permanent Secretariat headed by an Executive Director;



1.2 Terms of reference

- To conduct an audit of the Organization's books of accounts for the period in accordance with the International Standards on Auditing, and express an opinion as to whether the Organization's books of accounts give a true and fair view of the Organization's state of affairs as at 31 December 2022;
- With specific reference to the Organization, to review the accounting systems and internal controls and highlight any weaknesses and suggest recommendations for improvement.

1.3 Audit objectives

RSK Associates Limited performed procedures to check and confirm;

- The funding received and transactions made accurately reflect the operations of Transparency International Rwanda projects during the audited financial year ended on 31st December 2022.
- That all funds were used in accordance with the conditions of the donor agreements between the various donors and Transparency International Rwanda and,
- That the necessary supporting documents, records and accounts have been kept in respect of all Transparency International Rwanda expenditures.
- Certify and file audited financial statement with Rwanda Revenue Authority as per the statutory regulatory requirements.

Audit of Financial Statements

- Reviewed the expenses incurred in the execution of Transparency International Rwanda activities during the audited financial year ended 31st December 2022 to ensure that they were in line with Transparency International Rwanda's major activities as specified in the donor agreements.
- Determined that the financial statements and transactions made accurately reflect the operations of Transparency International Rwanda during the audited financial year ended 31st December 2022.
- Determined that the budget account description to which expenditure was posted is appropriate

1.4 Compliance with agreement terms, applicable Laws and TI-Rw's internal rules and regulations

- Determined whether Transparency International Rwanda complied with the reporting requirements of donor agreements during the audited period ending 31st December 2022.
- Tested the compliance with donor terms and conditions, and the local Laws and regulations.
- Identified the agreement terms and pertinent laws and regulations and determined which of these, if not observed, could have a direct and material effect on the receipts and expenditure statement.



2 Audit report

Unqualified Opinion

In our opinion, the income and expenditure statement below, gives a true and fair view of the activities of TRANSPARENCY INTERNATIONAL RWANDA for the year ended 31st December 2022.

We have audited the income and expenditure statement of the Organization set out on pages 6-7 for the year ended 31st December 2022. The income and expenditure statement is in agreement with the books of accounts. We have obtained all the information and explanations, which to our best knowledge and belief were necessary for the purposes of our audit and provide a reasonable basis of opinion.

Respective responsibilities

Management of the organization is responsible for the preparation of the income and expenditure statements, which give a true and fair view of the state of affairs of the Organization, and of its receipt and expenditure. Our responsibility is to express an independent opinion on the statement based on our audit and to report our opinion

Basis of Opinion

We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatements. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by management, as well as an evaluation of the overall presentation of financial statements.

RSKASSOCIATES LTD

CERTIFIED PUBLIC ACCOUNTANTS

KIGALI RWANDA

DATE

28/03/2023



Moses MUGADDE
NoPC/CPA 0281/0069



CERTIFIE

3 Financial report

3.1.1 Income and expenditure statement 2021

Description	Note	2022 Rwf	2021 Rwf
INCOME			
Grant income	3.3.1	1,223,456,857	1,379,595,289
Other income	3.3.2	169,452,105	159,198,917
Total Income		1,392,908,962	1,538,794,206
EXPENDITURE			
Expenses fund by NPA	3.4.1	258,984,064	286,805,159
Expenses funded by TI-Rw	3.4.2	194,642,292	18,999,398
Expenses funded by GIZ	3.4.3	12,503,950	434,686,454
Expenses funded by TI-S	3.4.4	259,422,309	82,032,522
Expenses funded by World Bank (GPSA)	3.4.5	69,691,689	103,016,136
Expenses funded by SWISSE COOPERATION	3.4.6	-	37,972,803
Expenses funded by Open Society	3.4.8	-	17,503,698
Expenses funded by FCDO	3.4.9	293,610,172	35,210,408
Expenses funded by Profemme Twese	3.4.10	-	10,122,000
Expenditures by LAF	3.4.11	32,345,026	8,247,200
Expenditure by two local Partners	3.4.12	172,947,840	54,483,684
Total Expenditure		1,294,147,342	1,260,074,462
Deficit/ surplus		98,761,620	278,719,744

Apollinaire MUPIGANYI
 Executive Director

Date: 28/03/2023



3.1.22 Statement of Assets and Liabilities as at 31st December 2022

	Notes	2022 Rwf	2021 Rwf
Fund balances		98,761,620	278,719,744
Represented by:			
Cash Balances	3.5.1	114,188,845	244,574,625
Accounts Receivable (cash in transit)	3.5.2	11,445,000	77,109,543
Accounts payable	3.5.3	(26,872,225)	(42,964,424)
Surplus/(Deficit) for the year		98,761,620	278,719,744
NET FINANCIAL ASSETS		98,761,620	278,719,744

The financial statements on pages 6 and 7 were approved by management on ... 28/03/2023
 2023 and signed on its behalf by

Apollinaire MUPIGANYI
 Executive Director

Date: 28/03/2023



3.2 Notes to the accounts

3.2.1 Principal accounting policies

The principal accounting policies adopted in the preparation of the fund accountability statement are set out below;

a) Basis of preparation

The financial statements have been prepared under the modified cash basis of accounting. Under this basis, income is recorded when received, while expenditures are recorded when paid for. The modification of this policy is that advances are recognized as claimable until documentation of expenses incurred have been provided. Statutory deductions not remitted to Rwanda Revenue Authority (RRA) and Rwanda Social security Board (RSSB) are also recognized as payables.

b) Accordingly, these financial statements are not intended to be in conformity with the Internal Financial Reporting Standards (IFRS).

3.2.2 Receipts

Receipts represent the total amounts received from various donors and other Partners including members' contributions for the implementation of Transparency International Rwanda's activities in accordance with the provisions of the grant agreements with the respective donors.

3.2.3 Expenditures

The amount shown as expenditure relate to the amounts spent on Transparency International Rwanda activities during the period. Expenditures are recognized when incurred.

3.2.4 Fixed assets

All fixed assets/purchased by the organization are expensed off hence there is no depreciation charge. However, an asset register is maintained with the respective assets depreciated by straight line method at the following rates;

Class of Fixed asset	Depreciation Rate
Computer equipments	50%
Office equipments	25%
Motor vehicles	25%

3.2.5 Foreign currencies transactions

All the transactions were done in Rwandan francs which is the local currency. All the receipts that were sent by the donors in foreign currency were converted into local currency by the local bank at the rate ruling at the time of transaction. All expenses in foreign currency are translated to Rwanda Francs at the ruling rate.

All cash and bank balances and creditors in the trail balance denominated in foreign currency are translated to Rwanda Francs using the month end rate.

All exchange gains/ losses arising during the year are recognized in the year in which they arise. The total expenditure is therefore offset by the amount of exchange gain/ loss realized during the year.



3.2.6 Currency

The accounting records of Transparency International Rwanda are maintained in Rwanda Francs (Rwf)



3.3.1 Grant Income

Source of income	2022	2021
Receipts from donors	Rwf	Rwf
Opening fund balance	278,719,744	165,420,920
NPA (PPIMA –PROJECT)	259,094,566	287,250,597
GIZ	89,479,190	413,867,272
World Bank (GPSA)	55,063,932	151,428,420
SWISSE COOPERATION AGENCY	-	40,942,000
FCDO	322,421,000	202,946,688
TI-S	218,678,425	67,171,793
LAF	-	39,843,340
Profemme	-	10,724,259
Total available funds for use (Receipt+ opening balance)	1,223,456,857	1,379,595,289

3.3.2 TI-Rw Income

The amount of TI-Rw income represents; members' contributions to Transparency International Rwanda activities, fundraising done and other paid advisory services.

Source of fund	2022	2021
	Rwf	Rwf
TI-Rwanda internal generated revenue	169,452,105	159,198,917
Total	169,452,105	159,198,917



3.4 Expenditures

These represents the costs incurred when implementing the various activities that Transparency International Rwanda (TI-Rw) undertook during the year in line with donor agreements in fulfillment of Transparency International Rwanda's objectives.

3.4.1 Operating expenses funded by NPA (PPIMA) project

Description	2022 Rwf	2021 Rwf
Description	2022 Rwf	2021 Rwf
Partners are more effective in their work to influence and mobilise	5,322,600	12,465,610
People and communities from target from target group acted and participated	65,928,945	14,754,034
Researches	72,719,470	126,495,711
Staff salaries	100,872,144	102,881,661
Other administration cost	14,140,905	30,208,143
Total	258,984,064	286,805,159

3.4.2 Operating expenses TI-Rw

Description	2022 Rwf	2021 Rwf
Description	2022 Rwf	2021 Rwf
Staff costs	79,063,703	71,291,721
Research	71,450,127	75,549,565
Meetings and Workshops	18,346,457	
Other administration cost and office running cost	25,782,005	43,152,964
Total	194,642,292	189,994,250



3.4.6 Operating Expenses funded by Swisse Cooperation

Description	2022 Rwf	2021 Rwf
Staff Salaries	-	8,379,603
Research cost	-	29,593,200
Total	-	37,972,803

3.4.8 Expenses funded by Open Society

Description	2022 Rwf	2021 Rwf
Research (dissemination)	-	17,503,698
Total	-	17,503,698

3.4.9 Operating Expenses funded by FCDO

Description	2022 Rwf	2021 Rwf
Staff Salaries	72,574,377	21,863,418
Researches	163,731,083	13,346,990
Workshop and capacity buildings	35,088,099	-
Other operating cost	22,216,613	-
Total	293,610,172	35,210,408



3.4.10 Expenses funded by Profemme Twese

Description	2022 Rwf	2021 Rwf
Workshops and trainings	-	10,122,000
Total	-	10,122,000

3.4.11 Expenses funded by LAF

Description	2022 Rwf	2021 Rwf
Staff costs	6,000,000	3,750,000
Researches	23,748,200	4,497,200
Other administration cost and office	2,596,826	-
Total	32,345,026	8,247,200

3.4.12 Expenses by Partners

Description	2022 Rwf	2021 Rwf
IMBARAGA under GPSA	9,748,003	25,653,552
SDA IRIBA under GPSA	9,283,816	19,866,845
Imbaraga under FCDO	60,069,450	2,284,300
CCOAIB under FCDO	93,846,571	6,678,987
Total	172,947,840	54,483,684



3.5.1 Cash and Bank

The total cash and bank balances as at 31st December 2022 is as follows:

Description	2022 Rwf	2021 Rwf
Petty cash	-	177,000
Bank of Kigali	1,488,439	10,696,034
Coge Bank	5,601,460	50,881,998
ECO Bank	96,783,098	147,436,912
KCB	10,315,848	35,382,681
Total	114,188,845	244,574,625

3.5.2 Accounts Receivable

Description	2022 RWF	2021 Rwf
Imbaraga		30,200,793
Sida Iriba		9.136.671
CCOAIB		37.772.079
Cash in transit	11 445 000	-
Total	11,445,000	77,109,543

3.5.3 Accounts payables

Description	2022 RWF	2021 Rwf
Pending cheques/	8,541,323	-
Statutory payables	15,330,902	20,146,522
Other payables	3,000,000	22,817,902
Total	26,872,225	42,964,424



Appendix

Income and expenditure Statement for the period ending 31st December 2022

Opening Fund balance as per audit of FY 2021	278,719,744
Income for 2022 per donor	
NPA	259,094,566
GIZ	89,479,190
World bank	55,063,932
TI-S	218,678,425
FCDO	322,421,000
TI-Rwanda internal generated revenue in 2022	169,452,105
Total income for 2022	1,114,189,218
Total funds in 2022(A+B)	1,392,908,962
Less Expenditure by categories	
1. Staff Salaries	426,380,024
2. Researchs	412,374,480
3. Workshops, Peer learning, capacity buildings and advocacy activities	184,844,038
4. Other administration costs (Office rent, operational costs, vehicle costs, etc..)	97,600,960
Total Expenditure (b) for 2022 by TI-Rwanda	1,121,199,502
IMBARAGA under GPSA	9,748,003
SDA IRIBA under GPSA	9,283,816
Imbaraga & CCOAIB under FCDO	153,916,021
TOTAL expenditures by partners in 2022	172,947,840
Grand total (Expenditures+ Partners expenditures)	1,294,147,342



Excess or Deficit financing for 2022(C-D)	98,761,620
Supported by	
Total bank balances	
4400783138 RWF/BPR	295,008
01301850329-45 RWF/GIZ	86,686
1050329/TI-RW COGEBANQUE	2,490,958
4400605477 RWF/KCB	9,773,136
6775015667/ECOBANK BMZ	43,269,437
4400521567/KCB	247,704
00001-01301950329-38 RWF/LAF	25,787
6775017624/ECOBANK(FCDO)	3,421,203
6775015666/ECOBANK (Eur/Acct) 46,749 Eur@1072	50,092,458
1350329/NPA	3,110,502
00040-01234567-89 BK USD (1267.81 USD)	1,375,966
Total cash balances as per accounting software (SAGE)	
VAT Refund	
Receivables (pending Bank Credits)	11,445,000
Imbaraga association under GPSA Project	
Other payables (PWC) Audit fees for PPIMA project	(3,000,000)
Statutory Payables (RRA, RSSB)	(15,330,902)
Pending payments cheques as 31st December,2022	(8,541,323)
Closing Fund balance	98,761,620

The financial statements were approved by management on 2023 and signed on its behalf by

Apollinaire MUPIGANYI
 Executive Director



**TRANSPARENCY INTERNATIONAL RWANDA
(TI-Rw)**

MANAGEMENT LETTER

FOR THE PERIOD ENDED 31ST DECEMBER 2022

RSK ASSOCIATES
Certified Public Accountants

PRIVATE AND CONFIDENTIAL

The Management of Transparency International Rwanda (TI-Rw)

Att: The EXECUTIVE DIRECTOR (TI-Rw)

Kigali

Rwanda

29th March 2023

Dear Sir

MANAGEMENT LETTER TO TI-Rw FOR THE YEAR ENDED ON 31ST DECEMBER 2022

We have completed the audit of the financial statements of Transparency International Rwanda (TI-Rw) for the financial year ending on 31st December 2022. The purpose of this audit was to enable us express an opinion on the financial statements of Transparency International Rwanda.

In this regard, the management of Transparency International Rwanda (TI-Rw) is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorised use or disposition, and that transactions are executed in accordance with management's authorisation and recorded properly to permit the preparation of financial statements in accordance with Generally Accepted Accounting Standards. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.

Our examination was not conducted primarily to ascertain and/or discover weaknesses or inefficiencies which may be present in the accounting systems. During our audit we became aware of certain matters as weaknesses that we consider as opportunities for strengthening the internal controls and operating efficiency of Transparency International Rwanda (TI-RW).

The memorandum in form of analysis that accompanies this letter summarizes our findings, assessment of such findings within a risk-based framework, suggestions regarding these matters and a provision for you to stipulate your efforts as far as rectifying such weaknesses.

You will note that we will review the status of these comments during our next audit engagement. And we will be pleased to discuss the findings and comments in further details

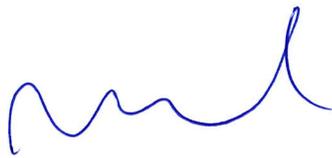
at your convenience to perform any additional study of these matters or to assist you in implementing such recommendations as outlined.

We have prepared this report for your use and within the organization as it aims at assisting you over and above our legal responsibilities as auditors. It should not be shown to third parties to whom we cannot be responsible.

We take this opportunity to express our gratitude to you and your staff for the co-operation and assistance, which we received during the course of our audit.

Yours faithfully,

For RSK Associates
Certified Public Accountants



1. Audit findings grading

The issues have been ranked as HIGH, MEDIUM and LOW using the criteria described below:

HIGH: This indicates a weakness we consider high risk and is critical. Management should pay attention to this area to ensure that weakness is given high priority to be addressed and resolved as soon as possible

MEDIUM: This indicates a medium level of risk, where we felt there is some scope of a material misstatement in this area and therefore the responsible staff should review it carefully.

LOW: Any weakness in this area is regarded as having a low level of risk. Whilst not critical, the responsible staff should be aware of this weakness and monitor it to ensure it does not become medium or high

2. Memorandum showing the analysis of the findings, assessment within the risk-based framework, comments and recommendations to management:

This section summarizes the principal issues that attracted our attention in the course of the audit of the financial statements of Transparency International Rwanda (TI-Rw) for the year ended 31 December 2022. We have summarized our findings and recommendations.

2.1 Status of the implementation of the previous year’s recommendations

Recommendation/Management responses	Status of implementation	Further recommendation	Management comments
<p>1. Fundraising Policy While performing our audit, we evaluated how TRANSPARENCY INTERNATIONAL RWANDA (TI-RW) mobilizes resources that are used to implement its activities. We noted that as an organization, TRANSPARENCY INTERNATIONAL RWANDA (TI-RW) does not have a fundraising policy to guide and inform this key process. We recommended TI-Rw to develop and implement the fundraising policy.</p>	<p>Implemented</p>	<p>Not applicable.</p>	
<p>2. Risk management During our review of key Transparency International Rwanda (TRANSPARENCY INTERNATIONAL RWANDA (TI-RW))’s internal policies and procedures, we identified that TRANSPARENCY INTERNATIONAL RWANDA (TI-RW)) does not have in place a formal, structured approach to risk management. Organizational risk management can be defined as a process of identifying, assessing and</p>	<p>implemented</p>	<p>Non</p>	

<p>controlling threats to the organization's assets and sustainability.</p> <p>Considering the way COVID-19 has devastated organizational operations, embedding risk management as one of the key organization processes is key to managing organizational challenges.</p> <p>We recommended that a risk management policy be developed and embedded in Ti-Rw departmental activities.</p>			
<p>Fixed Assets recording in accounting system</p> <p>The previous auditor recommended that assets be captured in the accounting system in the balance sheet as assets and asset reserve account created under Equity as a liability which will periodically be reduced by the annual asset depreciation charge</p>	<p>Recommendation not implemented</p>	<p>We re-recommend that fixed assets are recorded in the accounting system as earlier recommended.</p>	

2.2 NEW ISSUES ARISING FROM THE AUDIT FOR THE PERIOD ENDED 31 DECEMBER 2022

2.2.1 Updating of accounts manual

<p>OBSERVATIONS/FINDINGS</p>	<p>During our review of the existing financial accounts procedures manual, we noted areas that should be updated to conform to recent Rwanda government legislation, which directly affects the accounting function at Transparency International Rwanda. These include;</p> <ul style="list-style-type: none"> • Procedure on filing of the annual financial reports to RRA. Though this requirement is competently doe by the finance
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	<p>/ accounts staff, it is not included in the accounts procedures manual.</p> <ul style="list-style-type: none"> • Additional RSSB deductions such as Maternity and CBH though carried out as required are not within the accounts procedures manual. • Requirement on the issuance of EBM invoices for all financial transactions be suppliers.
RISKS/IMPLICATION	<ul style="list-style-type: none"> • Fine and penalties should finance fail to execute these requirements appropriately. • Reputation risk to Transparency International Rwanda
RECOMMENDATION	Update accounts manual to address the regulatory requirements plus other areas as to guide the finance team when executing their mandate.
AGREED ACTION/ MANAGEMENT COMMENTS	<i>To be implanted in 2023</i>
RANKING/ PRIORITY (HIGH/MEDIUM/LOW)	Medium
RESPONSIBLE PERSON	<i>DAF</i>

2.2.2 Accounting information security.

OBSERVATIONS/FINDINGS	<p>Transparency International Rwanda used SAGE Pastel as the accounting software that all financial transactions are recorded. This software has a server that is housed in the same location with the executing desktop computers.</p> <p>This arrangement poses the following risks to the institution;</p> <ol style="list-style-type: none"> 1) In case of fire outbreak, all financial information can be lost through destruction of both the server and
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	<p>computers.</p> <p>2) Need to have have offsite financial information backup plan to secure financial information should the existing one crush.</p>
RISKS/IMPLICATION	<ul style="list-style-type: none"> • Loss of accounting information • Non-compliance to Rwanda Law that require financial information to be kept for a period of ten (10) years.
RECOMMENDATION	<p>We recommend that Transparency International Rwanda;</p> <p>1) Houses the server in a secure separate location with limited access.</p> <p>2) Offsite financial information storage backup plan be initiated and implemented.</p>
AGREED ACTION/ MANAGEMENT COMMENTS	<p><i>It is how the system is working. It can't be connected if it is not directly linked with the its server.</i></p>
RANKING/ PRIORITY (HIGH/MEDIUM/LOW)	<p>Medium</p>
RESPONSIBLE PERSON	<p>N/A</p>

2.2.3 Staff work life balance

OBSERVATIONS/FINDINGS	<p>Transparency International Rwanda human resources manual provides that staffs plan and take annual leave so that they recapitulate. It also provides that if leave is not taken within the year, the remaining days (untaken leave days) be carried forward to the following year.</p> <p>During our audit we that some staff did not take all their leave days in 2022.</p>
RISKS/IMPLICATION	<ul style="list-style-type: none"> • Underperformance as a result of not recapitulating fully. • Financial loss to institution should a staff resign, leave the institution with accumulated leave days that have to be compensated for through payments from the institution's financial resources.

RECOMMENDATION	<ul style="list-style-type: none"> • Transparency International Rwanda management should ensure that staffs adhere to agreed leave plan. • Limit the period in the following year to three (3) the first months; (January-March) for any carried-over leave days to be taken.
AGREED ACTION/ MANAGEMENT COMMENTS	<i>To be implemented</i>
RANKING/ PRIORITY (HIGH/MEDIUM/LOW)	Medium
RESPONSIBLE PERSON	<i>DAF</i>