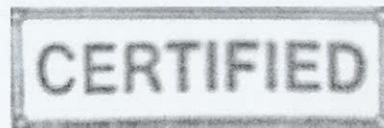


TRANSPARENCY
INTERNATIONAL RWANDA
(TI-Rw)

Audit Report for the year ended 31 December 2021



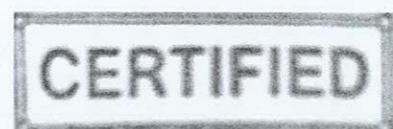
MOM
Associates

Kigali; Rwanda

This report contains 14 pages

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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.

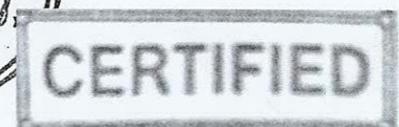
Organization's Core Values;

- 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 of three members
- Advisory and conflicts resolution committee of five elected members
- 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 2021;
- 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 2021.
- 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 2021 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 2021.
- Determined that the budget account description to which expenditure was posted is appropriate

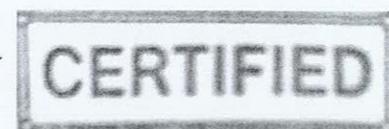
1.4 Compliance with agreement terms, applicable Laws and TI-Rw's internal rules and regulations

- Determined whether Transparency International Rwanda complied with the reporting requirements of donor agreements during the audited period ending 31st December 2021.
- 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.

1.5 Abbreviations used in this report

The following abbreviations have been used

EU	European Union
GIZ	Germany International Co
NPA	Norwegian Peoples Aid
GPSA	Global Partnership for Social Accountability

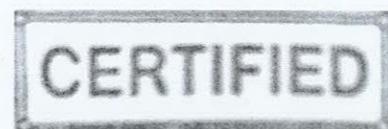


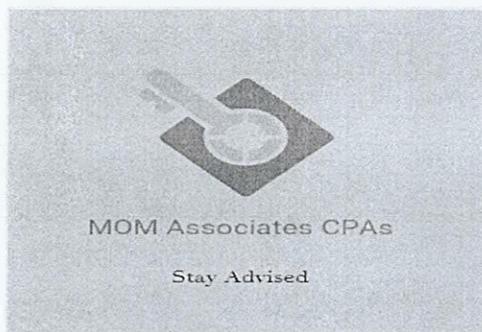
PPIMA	Public Policy Information and monitoring
TI-S	Transparency International Secretariat
TI-Rw	Transparency International Rwanda
WB	World Bank

1.6 Disclaimer and confidentiality

This report is strictly private and confidential and is addressed solely to the management of TRANSPARENCY INTERNATIONAL RWANDA. MOM Associates cannot be held responsible for its unauthorized distribution.

We have produced this report specifically for TRANSPARENCY INTERNATIONAL RWANDA as per the terms of reference for the audit. The interpretation, use or application of the report for other purposes without our prior written consent imposes no obligation on MOM Associates





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 2021.

We have audited the income and expenditure statement of the Organization set out on pages 6-7 for the year ended 31st December 2021. 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 to you.

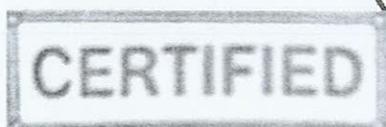
Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that we plan and perform or 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.

MOM ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Kigali
Rwanda

Date 28 March 2022



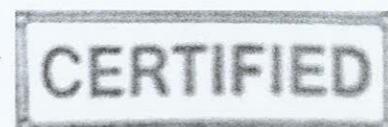
3 Financial report

3.1. Income and expenditure statement 2021

Description	Note	2021 Rwf	2020 Rwf
INCOME			
Grant income	3.3.1	1,214,174,369	970,753,904
Other income	3.3.2	344,927,068	248,748,926
Total Income		1,559,101,437	1,219,502,830
EXPENDITURE			
Expenses fund by NPA	3.4.1	286,805,159	185,757,955
Expenses funded by TI-Rw	3.4.2	177,583,393	136,382,937
Expenses funded by GIZ	3.4.3	434,686,454	456,107,114
Expenses funded by TI-S	3.4.4	82,032,522	61,352,057
Expenses funded by World Bank (GPSA)	3.4.5	103,016,136	128,454,363
Expenses funded by SWISSE COOPERATION	3.4.6	37,972,803	-
Expenses for Ikararo project	3.4.7	-	40,964,038
Expenses funded by Open Society	3.4.8	17,503,698	34,190,893
Expenses funded by FCDO	3.4.9	35,210,408	-
Expenses funded by Profemme Twese	3.4.10	10,122,000	10,872,553
Expenditures by LAF	3.4.11	8,967,200	-
Transfers to Partners	3.4.12	54,483,684	-
Total Expenditure		1,248,383,457	1,054,081,910
Deficit/ surplus		310,717,980	165,420,920

Apollinaire MUPIGANYI
 Executive Director

Date: 2022/01/20



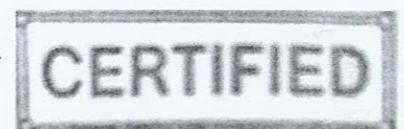
3.1.2 Statement of Assets and Liabilities as at 31st December 2021

	Notes	2021 Rwf	2020 Rwf
Fund balances			165,420,920
Represented by:			
Cash Balances	3.5.1	244,574,625	216,718,303
Accounts Receivable	3.5.2	94,543,348	74,326,983
Accounts payable	3.5.3	(28,399,993)	(125,624,366)
Surplus/(Deficit) for the year		310,717,980	165,420,920
NET FINANCIAL ASSETS		310,717,980	165,420,920

The financial statements on pages 6 and 7 were approved by management on 30.03.2022 and signed on its behalf by

Apollinaire MUPIGANYI
 Executive Director

Date:



3.2 Notes to the accounts

3.2.1 Principal accounting policies

The principle 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 (IFR3).

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	2021	2020
Receipts from donors	Rwf	Rwf
NPA (PPIMA –PROJECT)	287,250,597	185,950,478
GIZ	413,867,272	499,416,756
World Bank (GPSA)	151,428,420	93,576,976
SWISSE COOPERATION AGENCY	40,942,000	-
FCDO	202,946,688	-
Ikararo project	-	26,790,512
TI-S	67,171,793	68,127,168
LAF	39,843,340	-
Open Society	-	86,167,764
Prolemmc	10,724,259	10,724,250
Total	1,214,174,369	970,753,904

3.3.2 TI-Rw Income

The amount of TI-Rw income represents; members' contributions to Transparency International Rwanda activities, fundraising done and other transfers to TI-Rw account for TI-S.

Source of fund	2021	2020
	Rwf	Rwf
Opening balance on account	165,420,920	126,269,761
Membership fees	-	130,000
Other income	179,506,148	122,349,165
Total	344,927,068	248,748,926



3.4 Expenditures

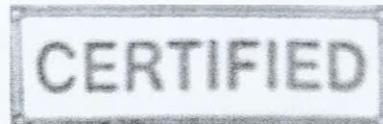
These represents the costs incurred when implementing the various activities that Transparency International Rwanda (TI-Rw) undertook during the year in line with donor agreements in fulfillment of Transparency International Rwanda's objectives.

3.4.1 Operating expenses funded by NPA (PPIMA) project

Description	2021 Rwf	2020 Rwf
Partners are more effective in their work to influence and mobilise	12,405,610	
People and communities from target from target group acted and participated	14,754,034	
Researchs	126,495,711	
Staff salaries	102,881,661	
Other administration cost	30,208,143	
Total	286,805,159	185,764,415

3.4.2 Operating expenses TI-Rw

Description	2021 Rwf	2020 Rwf
Staff costs	65,987,722	
Research	75,549,565	130,620,225
Other administration cost and office running cost	36,046,106	5,762,712
Total	177,583,393	136,382,937



3.4.3 Operating expenses funded by GIZ

Description	2021 Rwf	2020 Rwf
Staff Expenditures	48,294,430	

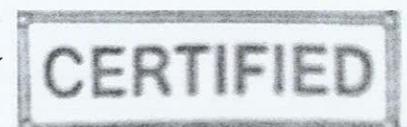
Research cost	197,110,069	418,891,036
Other cost	143,122,216	
Procurement of goods	1,053,492	
Training cost	27,996,681	
Procurement of goods		16,842,190
Expenses by GOPA (AGR)		20,373,888
Total	434,686,454	456,107,114

3.4.4 Expenses funded by TI-S

Description	2021 Rwf	2020 Rwf
Staff salaries	47,667,971	
Workshop and trainings	20,195,332	
Research	16,660,000	
Total	82,032,522	34,541,175

3.4.5 Operating Expenses funded by World Bank (GPSA) Project

	2021 Rwf	2020 Rwf
Staff salaries	49,647,736	-
Operational and Office running costs	22,986,020	-
Researches	20,968,498	-
Trainings and peer learning	9,413,882	-
Total	103,016,136	128,454,363



3.4.6 Operating Expenses funded by Swisse Cooperation

Description	2021 Rwf	2020 Rwf
Staff Salaries	8,379,603	
Researchs cost	29,593,200	
Total	37,972,803	-

3.4.7 Expenses funded by Ikararo

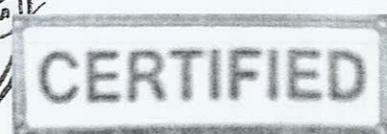
Description	2021 Rwf	2020 Rwf
		-
		-
Total		40,964,038

3.4.8 Expenses funded by Open Society

Description	2021 Rwf	2020 Rwf
		-
Research (dissemination)	17,503,698	34,190,893
Total	17,503,698	34,190,893

3.4.9 Operating Expenses funded by FCDO

Description	2020 Rwf
Staff Salaries	-
Researches	-
Total	-



3.4.10 Expenses funded by Profemme Twese

Description	2021 Rwf	2020 Rwf
Worshops and trainings	10,122,000	-
Total	10,122,000	10,872,553

3.4.11 Expenses funded by LAF

Description	2021 Rwf	2020 Rwf
Staff costs	3,750,000	-
Researches	5,217,200	-
Total	8,967,200	-

3.4.12 Expenses by Partners

Description	2021 Rwf	2020 Rwf
IMBARAGA under GPSA	25,653,552	-
SDA IRIBA under GPSA	19,866,845	-
Imbaraga under FCDO	2,284,300	-
CCOAIB under FCDO	6,678,987	-
Total	54,483,684	-



3.5.1 Cash and Bank

The total cash and bank balances as at 31st December 2021 is as follows:

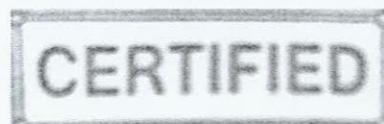
Description	2021 Rwf	2020 Rwf
Petty cash	177,000	133,200
Bank of Kigali	143,138,256.	2,405,870
Coge Bank	25,324,308.	45,105,258
ECO Bank	48,384,998	97,911,788
KCB	27,550,063	71,162,187
Total	244,574,625	216,718,303

3.5.2 Accounts Receivable

Description	2021 RWF	2020 Rwf
Imbaraga	30,200,793	9,490,927
Sida Iriba	9,136,671	10,056,056
CCOAIB	37,772,079	-
VAT Refund	17,433,805	-
Cash in Transit	-	9,860,000
BMZ	-	44,920,000
Total	94,543,348	74,326,983

3.5.3 Accounts payables

Description	2021 RWF	2020 Rwf
Pending cheques/ Statutory payables	-	40,013,985
commitments due to different clients	28,399,993	14,462,688
Total	28,399,993	125,624,366



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

MANAGEMENT LETTER

FOR THE PERIOD ENDED 31ST DECEMBER 2021

MOM 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 2022

Dear Sir

MANAGEMENT LETTER TO TI-Rw FOR THE YEAR ENDED ON 31ST DECEMBER 2021

We have completed the audit of the financial statements of Transparency International Rwanda (TI-Rw) for the financial year ending on 31st December 2021. 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,



29/03/2022

For MOM 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 2021. 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>Recommendation yet to be Implemented</p>	<p>We further recommend that a fundraising policy is developed and implemented.</p>	<p>General Assembly tasks the Executive secretariat on its daily duty on funds mobilization, this is implemented through extended staff management meeting in which each project coordinator is required at least two proposal per year. However, TI-Rwanda accepts to incomprehensive funds mobilization strategy by December 2022.</p>
<p>2. Performance Appraisals During our review of the employee files we noted that they were no performance appraisals conducted to ensure that employees were performing according to the set goals. Performance appraisals enhance the productivity of the workforce since they review the performance of the employees and understanding the challenges for the failure in case the set objectives are not met</p>	<p>Partially implemented</p>	<p>Performance review be done and completed in time.</p>	<p>This has been fully implemented</p>

<p>As auditors, we recommended performance evaluation sessions be done in time at year end.</p>			
<p>3. 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 controlling threats to the organization's assets and sustainability. 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. We recommended that a risk management policy be developed and embedded in Ti-Rw departmental activities.</p>	<p>Management is yet to implement this recommendation</p>		<p><i>TI-Rwanda developed its financial risk matrix. It is here attached.</i></p>  <p>Financial Risk Matrix Format.xlsx</p>
<p>4. Filing Of Accounting Supporting Documents We recommend filing of all supporting documents as required by Transparency International Rwanda accounts procedures.</p>	<p>Recommendation implemented</p>	<p>N/A</p>	

2.2 **NEW ISSUES ARISING FROM THE AUDIT FOR THE PERIOD ENDED 31 DECEMBER 2021**

2.2.1 Fixed Assets recording in accounting system

OBSERVATIONS/FINDINGS	<p>During our audit of fixed assets, we noted that fixed asset are recorded in a fixed asset register and updated regularly. In the accounting system, these assets are expensed when bought.</p> <p>We propose that these 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>
RISKS/IMPLICATION	<p>Loss of financial information in case asset register is corrupted. Audit trail is lost when some items are generated outside the accounting system.</p>
RECOMMENDATION	<p>Fixed assets be recorded in Sage accounting system as assets and a corresponding asset reserve account created under equity. Annual depreciation charge reduces the assets to net value, and also reducing the asset reserve account by the same amount. This will ensure that all the organisation financial reports are generated from the accounting system.</p>
AGREED ACTION/ MANAGEMENT COMMENTS	<p><i>Normally assets should be recorded in sage immobilier which TI-Rwanda does not have. But we will try to record them in accounting software but the annual depreciation will be done manually.</i></p>
RANKING/ PRIORITY (HIGH/MEDIUM/LOW)	<p>Medium</p>
RESPONSIBLE PERSON	<p><i>DAF, Jean NYAMURINDA</i></p>

2.2.2 Advances to implementing Partners

OBSERVATIONS/FINDINGS	During our audit, we noted that Ti-Rw has local non-governmental organisations with whom they implement some activities. The local Partners account for these funds to Ti-Rw. We noted that the accounting system does not capture fully all the necessary information.
RISKS/IMPLICATION	Misstatement of financial reports as a result of omission of financial information.
RECOMMENDATION	Our recommendations are; 1) Create separate receivable account for each of the implementing partners in accounting system and recognize Advances to partners. 2) When Partners report on fund use, the advance account is credited and activity implemented account is debited.
AGREED ACTION/ MANAGEMENT COMMENTS	<i>Each partner has own account. The amount transferred to each partner are recorded as advance. The reported expenditures are debited to reduce such balance. This has been implemented.</i>
RANKING/ PRIORITY (HIGH/MEDIUM/LOW)	Medium
RESPONSIBLE PERSON	<i>Jean NYAMURINDA, DAF</i>

2.2.3 Staff capacity development

OBSERVATIONS/FINDINGS	Sound human resource practises emphasises the need for continuous staff capacity development as an avenue that improves the efficiency, effectiveness and accountability of all employees. Furthermore, this also ensure successful completion of activities. Training plans require to be prepared taking into account the needs of staff and the requirements of the position held and the responsibilities attached to them. We noted that training plans had not been prepared and training sessions had not been carried out for the year ended 31 December 2021.
RISKS/IMPLICATION	Failure to achieve set objectives resulting from skill gaps of Ti-Rw staffs.

RECOMMENDATION	We recommend that Ti-Rw ensures that staff training plans are prepared based on training need assessments and included in the budget. Trainings should be conducted in accordance with prepared plans
AGREED ACTION/ MANAGEMENT COMMENTS	<i>Training plans are done based on projects where staffs are affiliated. The general staffs training is done each at the beginning of the year in the workshop designated for annual planning retreat. However as per the recommendation, TI-Rwanda will do the consolidated annual staff training plans.</i>
RANKING/ PRIORITY (HIGH/MEDIUM/LOW)	Medium
RESPONSIBLE PERSON	<i>DAF and M&E coordinator</i>