



*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 leaflet 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.*

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*Chairperson of Transparency International Rwanda*

The Office of the Auditor General published a Report for all of Rwanda's Districts for the financial year ended in June 2011. Transparency International Rwanda (TI-Rw) carried out an analysis of such Report. In the reports many complaints were raised by the Auditor General involving huge amounts of money and no District received a clean audit bill.

TI-Rw classified complaints into two categories: **Expenditure-related complaints and non expenditure-related complaints.**

## A) EXPENDITURE-RELATED COMPLAINTS

This analysis exposes the amount of **Rwf 21, 869, 752, 057** that was lost or mismanaged in 27 Districts as a result of embezzlement, mismanagement, procedure errors and so on.

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
	<b>Total</b>	<b>21,869,752,057</b>

### 1. Misuse or embezzlement of funds

- Affected: 16 Districts;
- Involved amount: nearly Rwf 4,920,306,697;
- Most affected Districts are NYANZA (Rwf 1,704,530,823), NYABIHU (Rwf 723,308,436), RUTSIRO (Rwf 700,308,331) and GATSIBO (Rwf 611,619,158).

### 2. Mismanagement of funds

- Often a result of non respect of rules and laws;
- Affected: 19 Districts;
- Involved amount: Rwf 11,199,900,180;
- Most affected Districts are RUBAVU (Rwf 2,366,198,519), NYARUGENGE (Rwf 2,169,626,470), GATSIBO (Rwf 1,771,466,753), KIREHE (Rwf 1,544,507,608) and NYAMAGABE (Rwf 1,315,277,608).

### 3. Non respect of procedures

(=lack of appropriate documents, non-signed documents and violations of rules and procedures)

- Affected: 16 Districts;
- Involved amount: Rwf 3,731,262,808;
- Most affected Districts are NYANZA (Rwf 896,365,268), HUYE (Rwf 684,296,854), RUTSIRO (Rwf 432,313,338) and NGORORERO (Rwf 329,546,577).

*Public procurement procedures:*

- Involved amount: Rwf 2,129,813,669 ;
- Most affected Districts are RUSIZI (Rwf 1,282,963,813), KICUKIRO (Rwf 398,281,892) and GASABO (Rwf 403,434,744).

### Examples:

**A1.** The financial service projects funded by VUP, a public poverty-reduction programme, was misused in one case. Here 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.

**A2.** 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.

**A3.** In HUYE District, an amount of 684,296,854 Rwf was paid without supporting documents. Thus, the validity and accuracy of this amount payment cannot be ascertained.

## B) NON EXPENDITURE-RELATED COMPLAINTS

The non expenditure-related complaints amount to **Rwf 48,521,547,384** for the 30 Districts. In this complaints category, there are accounting (posting errors, wrong financial statements and poor bookkeeping) and administrative (non-respect of laws/procedures and skipping annually planned activities) irregularities.

N#	DISTRICT	AMOUNT in Rwf
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
	<b>Total</b>	<b>48,521,547,384</b>

### 1. Posting errors

- Affected: All Districts;
- Involved amount: Rwf 1,879,429,211;
- Most affected is RULINDO (Rwf 3,473,841,416);

### 2. Wrong financial statements

- Involved amount: Rwf 3,513,623,991;
- Most affected District is NGORORERO (Rwf 1,495,049,572).

### 3. Poor book keeping

- Includes poor filing and missing or incomplete documents;
- Affected: 10 Districts;
- Involved amount: Rwf 3,513,623,991;
- Most affected District is RUBAVU (Rwf 1,310,389,088).

### 4. Non-respect of laws and procedures

- Failure to award some tenders which were included in the approved annual procurement plan year ended June 2011. And thus some activities were not implemented or were implemented without respecting laws and instructions;
- Affected: 13 out of 30 Districts;
- Involved amount: Rwf 1,193,775,816;
- Most affected Districts are RWAMAGANA (Rwf 391,745,139), RUTSIRO (Rwf 193,012,766) and GASABO (Rwf 157,035,609).

### Examples:

**B1.** Unrecorded transactions for non budget urgencies 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.

**B2.** 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.

**B3.** 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

**B4.** The period allocated to the preparation of tenders is 30 days according to the law but Huye District allotted 11 days for one tender and 7 days for another one.

## C) SUMMARY

The overall complaints (both expenditure-related and non-expenditure-related) amount to **Rwf 70,391,299,441** for the 30 Districts.

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
	<b>Total</b>	<b>70,391,299,441</b>

## D) SOME RECOMMENDATIONS

### *Recommendations to District Management:*

- The District Management should ensure that for any payment to be made, all necessary and complete supporting documentation is available.
- The District Management should strengthen the internal control system over the bank account.
- The District should put in place a proper system of stock management and should prepare a proper stock report.
- 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.

### *Recommendations to the Auditor General:*

- Take into consideration that in urgent circumstances 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.
- 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 the Government:*

- Ministries should provide the Districts with guidelines on how to spend the budget at the same time as the budget is approved.
- Carry out a comparative analysis of the budget law and audit laws and make sure there are no conflicting or contradictory instructions.
- Strive to increase the number of procurement, finance and internal audit staff at District level.
- Provide adequate financial training to relevant District staff.

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