

ANALYSIS OF THE AUDITOR GENERAL'S REPORTS OF THE DECENTRALIZED ENTITIES FOR THE FISCAL YEAR THAT ENDED 30TH JUNE 2024

**Analysis of the Auditor General's reports of the decentralized entities for
the fiscal year that ended 30th June 2024**

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Every effort made to verify the accuracy of the information contained in this report. All information believed to be correct as of January 2026. Nevertheless, Transparency International Rwanda cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

ACKNOWLEDGEMENT

To continuously enhance the rational use of state finances remains as a priority of the Government of Rwanda to achieve a better and quick service delivery and developing instruments that fruitfully and strategically allocate available resources for sustainable national economic growth and development. The GoR welcomes all stakeholders whose contributions is to strengthening the public financial management (PFM) in public entities to attain a number of entities obtaining unqualified audit opinion on financial statements, maximizing the value for money and compliance with laws and regulations.

Since 2012, TI- RW under the support of GIZ Good Governance and Decentralization Programme has conducted the analysis of the Auditor General's reports of the decentralized entities. This scrutiny of PFM aligns to the Government of Rwanda aspirations but also responds to its mission of "Contributing to the fight against corruption and promoting good governance through enhancing integrity values in the Rwandan society". In addition, the results of the analysis contribute to GIZ's results tracking namely:

- Monitoring the impact of the Decentralization and Good Governance Program on effective PFM towards improved socio-economic conditions of citizens and service delivery.
- Evidence based information for the steering committee of the fiscal decentralization component of the Good Governance Program

Since TI-RW started this analysis, significant improvements are remarkable at various levels due to great consideration of the findings and recommendations of Auditor General Reports. As per previous editions, the completion of the analysis of the Auditor General's report of decentralized entities for the FY 2023 -2024 is a result of multi-stakeholders' contributions due to existing mutual trusts and teamwork with TI-RW.

I would like to express my sincere gratitude to all institutions and individuals who made this analysis possible. Among them are GIZ who provided the necessary funding, MINALOC, Office of Auditor General, MINECOFIN, RPPA and districts' staff who helped us to access the required data. Finally, I want to also thank TI-RW team who professionally conduct this analysis and deliver such informative product of quality.

Effective planning and rational use of available resources will allow achieving a consistent Economic growth and sustainable development, which is a journey that requires endurance, resilience, and collaboration. I am confident that collectively, we will achieve our common goal of institutionalizing a trusted, effective, and efficient PFM system in Rwanda.

.....,
Chairperson, Board of Directors
Transparency International Rwanda

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EXECUTIVE SUMMARY

Transparency International Rwanda (TI-RW) considers the monitoring of public financial management (PFM) closely associated to its mission of preventing corrupt behaviors, practices and improve horizontal and vertical accountability amongst the institutions in Rwanda. In this perspective, TI-RW conducts an analysis of the Office of Auditor General's (OAG) audit reports of all the Rwandan districts and the City of Kigali. This edition is the Eleventh of its kind and considers the audit reports of the fiscal year (FY) 2023-24. It aims at serving a broad audience including the Rwandan community and many stakeholders of public finance as well as local government entities.

As the core parts of the analysis, all reported weaknesses by the auditors as audit findings are categorized as either expenditure related (unsupported, wasteful, fraudulent, and overstated expenditures as well as payments made to non-existent staff) and non-expenditure related (non-respect of laws and procedures, poor bookkeeping and posting errors). Since 2015-16's edition, TI-RW also aggregates and consolidates data on idle funds, assets and investment reported by the office of Auditor General.

Additionally, all reported weaknesses are classified into thematic category and by nature of weakness especially for procurement issues to allow precision in indicating programmes, sectors, types of infrastructures etc. Furthermore, the analysis includes a detailed analysis of recommendations issued in the previous fiscal year according to their implementation status and according to difficulty level and their link to weakness categories. The compiled quantitative data is complemented by primary data collected through focus group discussions (FGDs) at District level and interviews at national level.

For this fiscal year, the total amount of Expenditure and non-expenditure related weaknesses of the decentralised entities as identified by the OAG are FRW 14.26 billion and 2057.68 billion (idle asset and funds excluded) for FY2023-24. Furthermore, a number of cross-cutting issues that effected districts 'PFM in various weakness categories were identified: Irregularities in public procurement including delayed payment to contractors/suppliers, inefficient contract management, abandoned construction works and various weaknesses in awarding tenders increased from FRW **816.904** billion in FY2022-23 to **FRW 832.764** billion including **FRW 681.461** billion of contract management issues in different projects. Furthermore, the Issues related to districts 'investments in provincial investment corporations and other private ventures have increased from FRW **6.271 billion** in 2022-23 to **FRW9.816 billion** for FY 2023-24.

Still there is a long delay in transfers to beneficiary households of social protection scheme (direct support), which puts vulnerable citizens and students at risk of decent into extreme poverty. Delays in transfers of capitation and school feeding grants to schools undermine efforts to strengthen the quality of education and might be a source of health problems for children. There are some evidences suggesting that decentralized entities managed to implement a higher proportion of audit recommendations are also effectively more likely to witness tangible improvement in PFM.

TI-RW recommends all districts and City of Kigali to consider below key recommendations from the analysis to address identified PFM's challenges. Spending funds based on realistic planning and detailed feasibility studies to avoid idle assets and unprofitable investments. Districts should closely work together with concerned partners to make regular and predictable cash transfers to VUP and nutrition sensitive direct supports beneficiaries and timely disburse capitation and school feeding grants.

Districts need to improve the level of compliance with laws and procedures governing PFM (procurement laws, tax law, financial guidelines, and VUP-guidelines value for money). Cases of weaknesses in public procurement processes should be examined closely as well as Districts and RPPA need to enhance the mechanisms such as upgrading E-procurement system to accommodate contract management, e-payment. MINECOFIN and RPPA should work closely to reinforce the way market survey is done to avoid unrealistic planning, particularly budget lines that do not reflect the market reality and result in high unplanned prices.

1. BACKGROUND AND CONTEXT

In 2000, the Government of Rwanda adopted the Vision 2020 as its long-term strategy for the development of the country with core mission of transforming the development of the country to the growing and sustainable development. Currently, the Government of Rwanda is iteratively implementing a new Vision 2050 with the target for Rwanda to become an upper middle-income country by 2035 and a high-income country by 2050. In this spirit, Rwanda building on the solid foundations laid by NST1, is implementing a five-year strategy (NST2, 2024-2029) that seeks to transform Rwanda into a prosperous, and resilient nation based on the following five key priorities:

- Creating decent and productive jobs,
- Boosting exports,
- Improving education quality,
- Reducing stunting and malnutrition, and
- Enhancing public service delivery.

To achieve all the above-mentioned pillars and attached goals, the Government of Rwanda will need to mobilize enough funds, hold best practices recorded in the past, recalibrate existing and put in place effective PFM tools that can enable the smooth and impactful implementation of NST2. For example, citizen participation in planning and budgeting evidenced its practicality to promoting participatory and inclusive planning.

While embracing, achieved milestones in PFM such as significant decrease of expenditure related weaknesses, ineffective district investments to mention few, the Government of Rwanda has finalised the elaboration of a new Public Financial Management Sector Strategic Plan (PFMSSP, 2024-2029) to align it with NST-2 with special focus to improve PFM in public sector. The current PFMSSP has prioritized the increase of compliance with PFM rules and oversight of value-for-money as an objective among others. The compliance targets for public entities with an unqualified audit opinion for financial statements, compliance with laws and regulations planned to increase from 57% in FY 2022-23 to 80% in FY 2028-29. For the audit, recommendations fully implemented are targeted to increase from 59% (FY2022-23) to 70% (FY 2028-29).

The efficient and effective public financial management is considered as the backbone of sustainable development (World Bank, 2019). Rwanda plans to efficiently leverage resources and use them in an accountable and transparent way to achieve its long-term development aspirations. Rwanda has made significant efforts towards state finances management to improve its budget reliability and track the use of funds for serving citizens through transparent and accountable budget execution as well increased

professionalization of the public finance officials. The next two subsections provide details on the recent PFM reforms.

1.1 PFM Institutional Framework

The Government of Rwanda is determined to ensure the resourceful use of public financial management in Rwanda. The PFM in Rwanda has a pool of institutions that systematically oversee the use of state finances. In the articles 61, and 165 of the 2003 Constitution of Rwanda as revised in 2015, the PFM institutional context include:

- **The Parliament:** The constitution of Rwanda stipulates the Parliament with chamber of Deputies and Senate have main functions of passing laws and monitoring government' activities. Both chamber of Deputies and Senators consider PFM in their responsibilities. The chamber of Deputies oversees (i) reflecting on the relevance of the State finance bill and adopts the State finance law. (ii) approval of external borrowings by the central Government as well as setting limits of borrowings; and (iii) through the Public Accounts Committee, the Chamber of Deputies examines the inefficient use public funds in all public institutions and report all related audit findings for further investigation and prosecution for further actions. The Senate plays the crucial role for PFM, apart from voting the Organic Law of State Finances and Property, it approves the appointments, of the both the Ombudsman and the Auditor General of State Finances among other appointed high officials. It expresses its opinion on the State Finance Bill before the adoption of State budget by the Chamber of Deputies. The Cabinet, through the Minister retains the overall financial accountability.
- **The Office of the Ombudsman:** It is an independent public institution with mandate to carry out responsibilities to prevention of and fight against injustice, corruption in public and private administration. It receives also declaration of assets of the President of the Republic and the other dignitaries as well as other public authorities entrusted with the management of state finances and property.
- **Office of the Auditor General:** Its mandate originates from the article 165 of the current constitution of Rwanda that provides for the Office of Auditor General to ensure transparent and accountable use of the state finances. Additionally, the article 166 of the constitution calls for the Auditor General to submit an annual audited financial report to Parliament before the end of the same fiscal year.

The report should clearly present how the state finances utilized towards the improvements of citizens' living conditions. Auditor General presents his report into four key elements: Presentation of financial statements, compliance with laws and regulations, value for money and implementation of previous received Auditor General's recommendations. The same office is required at the same time to submit a copy of the report to the President of the Republic, Cabinet, the President of the Supreme Court, and the Prosecutor General of the Republic.

- **Rwanda Public Procurement Authority:** Established to ensure that the entire procurement process for all public entities achieves the highest value for money under competition, economy, transparency, fairness, efficiency, accountability and zero tolerance to corruption in all public procurement activities.
- **Board of directors and councils:** Each Public institution has a board of Directors/Audit Committee or district councils to strategically advise the institution at central level and each decentralized entity has a council to perform advisory and approval functions. The Ministerial Order No 002/09/10/GPIA by ministry of finance and economic planning passed on 12/02/2009 to set out operational guide for Internal Control and Internal Audit in Government institutions. The same ministerial order established the functioning of audit committees to reinforce the rational use of funds in government entities.

1.2 PFM Legal Framework in Rwanda

The Government of Rwanda has put in place laws and regulations to enforce an effective and functional PFM system in all central and decentralized public institutions. The following are key laws and regulations in use.

- The 2003 Rwanda Constitution as revised in 2015 is the key legal instrument, which provides the basis on how the PFM is crucial for the Government of Rwanda. Specifically articles 162, 163, 164,165,166 and 167 are specific provisions for public financial management.
- Organic Law N° N° 002/2022.OL of 12/12/2022 aligned to the constitution is the key law on the management of state finances in Rwanda. As per article 13 of this law, the enforcement of the Organic law on State Finances and Property falls under the responsibility of Minister in charge of finance including prescribed standards of accounting practices and uniform classification systems, in central and local Government administrative entities. Ministerial order of Financial Regulations will

provide more details for the smooth implementation of the above-mentioned Organic Law on State Finances and Property.

- Laws and regulations on public procurement: The public procurement in Rwanda governed by the law N° 031/2022 of 21/11/2022 is to ensure that all procurement procedures are clearly prescribed and well implemented. Additionally, there is Ministerial Order N° Ministerial Order n° 001/23/10/ TC of 10/10/2023 establishing regulations on public procurement in public institutions in Rwanda that provides standard procedures of procurement plan up to the conclusion of the contracts.
- Ministerial Instruction No 001/11/10/TC of 24/01/2011 establishing the professional code of ethics governing public agents' involvement in public procurement.
- National Investment policy: It came in to provide guidance to how investments from central and local institutions done to respond to country strategic goals. Among the key elements of this policy include: (i) Prioritisation of investments aligned with national strategic goals and prioritization assists long-term budgeting and debt-management; (ii) The investment project should be done under transparency and accountability over the investment cycle to enable budget agencies at central and local level to plan and effectively. Additionally, this policy recommends; (i) improving the implementation basing on execution feedback as well as (ii) engaging the private sector and leveraging alternative sources of financing by ensuring credible pipeline of projects and systematically investing in strategic investments. State finances should be and only allocated to those projects that will respond to citizens' or national needs. Another key point provided by this policy is that each investment project implemented after the approval of feasibility studies (GoR, 2017).

1.3 PFM Reform in Rwanda

The implementation of NST2 and Vision 2050 will require the Government of Rwanda to mobilize enough resources to implement all planned programmes under different key strategic sectors. It is important to the GoR to enhance the rational use of state finances to enabling better service delivery and developing instruments that productively and strategically allocate available resources. The Government established the PFM Sector Strategic Plan (2018-2024) that was aligned to NST-1 and Vision 2050 and it is focusing on fiscal decentralization, accounting reform, capacity development, performance-based budgeting, efficient and effective public procurement, and digital driven operations such as FMIS and electronic Government Procurement (EGP or E-procurement), tax collection systems, to mention few.

The operational PFM's reforms mainly rely on components including IT Systems, accounting and financial reporting, Performance Based Budgeting and Medium-Term Budgeting and PFM Capacity Development.

- (1) The PFM ICT systems characterized by financial management integrated system (IFMIS) and E-procurement (www.umucyo.gov.rw) as well as SDMS and smart Nkunganire serving in education and agriculture respectively among others. These systems implemented from the central level to the large part of decentralized entities. These ICT tools expected to enhance transparency and accountability throughout the entire process of managing and using the state finances. The IFMIS expected to facilitating quick payments through automated link between the IFMIS and the Online Banking System created by Central Bank, it facilitates data sharing between the entities and allowing regular and quick bank reconciliations.
- (2) Accounting and financial reporting: The Country is moving to the accrual IPSAS¹ system and all requirements are almost in place. Switch on to IPSAS will: help to improve the quality of financial statements. Allowing better management of public assets; provide greater transparency and facilitate better understanding of the Government's financial position, efficiency in budget execution, to improve the quality of strategic planning, management of public finances and development of economic policy, allow comparability of national financial statements with ones of other countries.
- (3) Performance Based Budgeting and Medium-Term Budgeting: This component helps the Government of Rwanda to strengthen multi-year budgeting and support development/revision of program based budgeting methodology, including strengthening links between budgeting and sector strategic plans. Currently, elements of medium-term expenditure framework (MTEF) are in place and program classification exists in Rwanda. The MTEF is a tool that helps to match planning and budget to meet long-term development aspirations.
- (4) Professionalization of PFM Staff: This component focuses on capacity development in the areas of the project accounting, audit, budgeting, and procurement. PFM reforms in terms of capacity development implemented through workshops, conferences, study tours and professional training supported by Institute of Certified Public Accountants of Rwanda (ICPAR). Professional accountants will assist in implementation of IPSAS.
- (5) Peer learning and peer review: This program institutionalized in local Government. It has significantly contributed to improve the accountability at district level through joint annual review organized by each province and internal auditors in each district conduct it. Recently, the ministry off Local

¹ International Public Sector Accounting Standards

Government announced that this initiative has achieved tremendous positive results that marks a milestone achieved for accountability in local government compared to previous fiscal years. The number of districts with financial clean audit opinions in Rwanda has significantly increased from just 3 in 2021 to 12 in 2022 and 25 in 2023 while audit opinions in compliance with PFM laws and regulations as well as value for money still needed significant improvements to receive clean audit opinions (MINALOC, 2024).

Despite the tremendous efforts invested in improving PFM at all levels, the report of Auditor General (AG) continued to report many challenges related to PFM in central government, Government Business entities, and projects as well as in the decentralised budget entities. As it has been noted in the report of OAG (2023), VUP-financial services, idles funds, long outstanding payables, gaps in corporate governance of district hospital, High rate of non-operating biogas plants in local government, delay in transferring funds under School feeding and capitation grants to schools were reported among audit findings.

2. OBJECTIVES

Transparency International Rwanda (TI-RW) under financial support from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and its Decentralisation and Good Governance (DGG) programme has been regularly analysing AG's annual report to scrutinize audit findings related to expenditure and non-expenditure-related weaknesses of PFM of decentralised entities.

The current assignment collected qualitative information on public financial management from PFM staff and stakeholders. It scrutinized data for 27 Auditor General Audit reports of decentralised entities and City of Kigali for the FY that ended June 2024 and make findings available to the public. The outcomes of this analysis are:

- Serving as a basis to increase the understandability and transparency of the OAG's reports towards the public as well as Local Government officials.
- Providing evidence-based information for the steering of activities of all key stakeholders of local PFM.
- Bringing to concerned stakeholders' key causes of unfruitful investments that result in idle assets and wasteful expenditure for remedial actions.
- Providing reliable information to PFM stakeholders' monitoring system.
- Preparing for policy uptake discussions with relevant stakeholders with active participation of TI-RW.

3. METHODOLOGICAL APPROACH

Categorized and aggregated secondary data obtained from the OAG's audit reports of the 27 Districts and the City of Kigali serve as the main source of information of this analysis.

3.1. Data

The first step of the analysis was a tabulation of complaints in expenditure- and non-expenditure-related weaknesses from the 27 decentralized entities and City of Kigali, as described in the respective narrative of the audit reports. **Error! Reference source not found.** below presents the categories used for the categorisation of audit findings.

Table 1:Weakness category definitions

Expenditure related weaknesses	
Unsupported expenditure	Absence of supporting documents to justify the expenditure/use of cash
Wasteful expenditure	Expenditures which could have been avoided including expenditure for unplanned and unnecessary activities such as fines, penalties, etc.
Overstated expenditure	Expenditures where the amount is erroneously recorded, exceeding the amount due. This could be a transposition error of sums or any other record resulting in a registered amount exceeding the amount spent.
Fraudulent expenditure	In the context of this analysis, 'fraudulent expenditure' involves unlawful transfer of the ownership of District assets to one's own personal use and benefit
Payment to non-existent staff	Payment of wages and salaries to ghost employees
Non-expenditure related weaknesses	
Non-respect of laws and procedures	Remarks on non-compliance with existing laws, regulations and procedures of public financial management
Poor bookkeeping	Accounting errors that refer to no entry of financial data, inconsistent usage of accounting method, lack of reconciliation of books with bank statements, incomplete or lack of inventory, lack of accurate records and poor filing system; failure to make taxes payable entries to the books of accounts, yet taxes has been duly deducted.
Posting errors	Accounting errors that refer to entries from books of original/prime entry to wrong accounts in the ledger and sometimes to wrong sides of the accounts.

Idle assets/funds
Assets/funds that are not being used/utilised, severely underused or used for a purpose other than the intended one.
Recurrence of Audit query
There is recurrence of audit query to a district /CoK if it has received it more than 1 during last 2 fiscal years
Inconsistent implementation
A district/CoK is with inconsistent implementation if it has repeatedly reported with the audit query that it has cleared during the previous fiscal year. This might mean that no consistent or appropriate measures to avoid such audit query.

Furthermore, the review of audit reports provides a tabulation of all audit recommendations made by auditors from the office of auditor General in their reports of the previous year with their current implementation status, the category of complaint that the recommendation refers to and an assessment of the difficulty of the implementation of the recommendation.

The purpose of the categorization is to determine the likeliness of different types of recommendations to lead to immediate PFM improvements of the decentralised entities. A resulting table that indicates the level of implementation of recommendations of different categories for each decentralized entity is compared with the performance in each weakness category for the respective decentralised entity. This allows identifying relationships between implementation of recommendations and performance for different thematic types of recommendations.

The categorization of recommendations by difficulty allows a better understanding of the decentralised units' different levels of implementation. This is achieved by comparing the decentralised entities' respective levels of implementation of recommendations and the overall difficulty of the recommendations issued.

The difficulty level for implementing a recommendation was selected based on criteria such as staffing, the extent to which the recommendation is under the district's control, required technical skills and resources as described in **Error! Reference source not found..**

Table 2: Definitions of the difficulty level of recommendations implementation

Difficulty	Requirement for selection of difficulty level to implement a recommendation
Very easy	Implementation only requires the managements and the staff's commitment. No additional staff, technical skills, resources needed. It is entirely under the district's control.
Easy	Low input of additional staff, technical skills or capacity building needed. It is entirely under the district's control
Moderate	Implementation requires moderate inputs of staff, technical skills, and resources. It is entirely under the district's control.
Difficult	Implementation requires significant inputs of staff, skills, and resources. It is partially under the district's control.
Very difficult	Implementation requires very significant inputs of staff, skills, and resources. It is beyond the district's control or cannot realistically be implemented within a period of one year.

3.2. Primary Data

In addition to the quantitative categorization of financial and non-financial weaknesses consolidated from the desk review, this study uses primary data obtained through qualitative data collection techniques, including key informant interviews (KIIs) conducted at both decentralized entity and national levels.

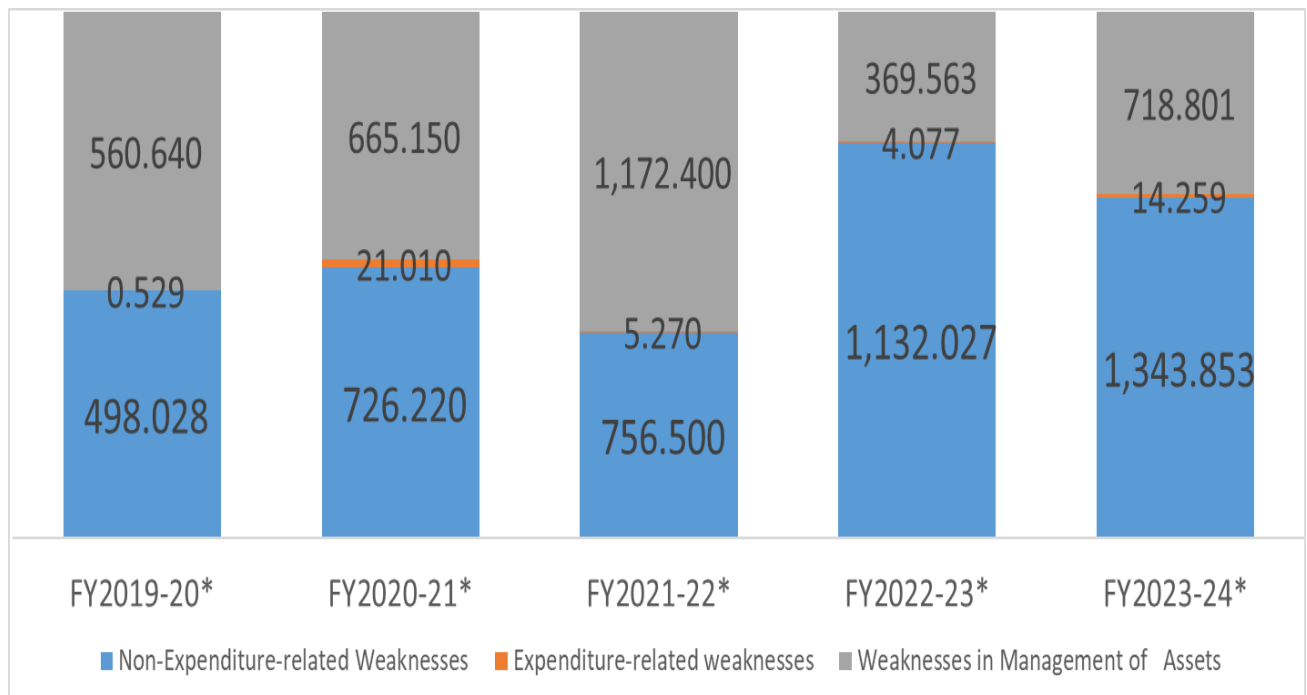
4. PRESENTATION OF FINDINGS

Findings are classified into six (6) main categories: expenditure related weaknesses, non- expenditure related weakness, Investment performance, and management of districts' asset, idle asset and funds, and status of the implementation of recommendations.

4.1. Analysis of the Financial and Non-Financial Weaknesses of Decentralised Entities for the FY 2023-24

The current analysis reveals that the total amount of non-expenditure-related weaknesses increased significantly from FRW 1,132.027 billion in fiscal year (FY) 2022–2023 to FRW 2,057 billion in FY 2023–2024. Expenditure-related weaknesses and inefficient management of district assets have shown inconsistent trends over the last three fiscal years. In FY 2023–2024, expenditure-related weaknesses increased to FRW 14.25 billion, from FRW 4.08 billion in FY 2022–2023. Inefficient management of district assets in the fiscal year under review amounted to FRW 715.105 billion, contrasting with the reported decrease to FRW 369.56 billion in FY 2022–2023 from FRW 1,172.40 billion in the previous fiscal year. Non-expenditure-related weaknesses have continuously increased over the last five fiscal years, as illustrated in Figure 1.

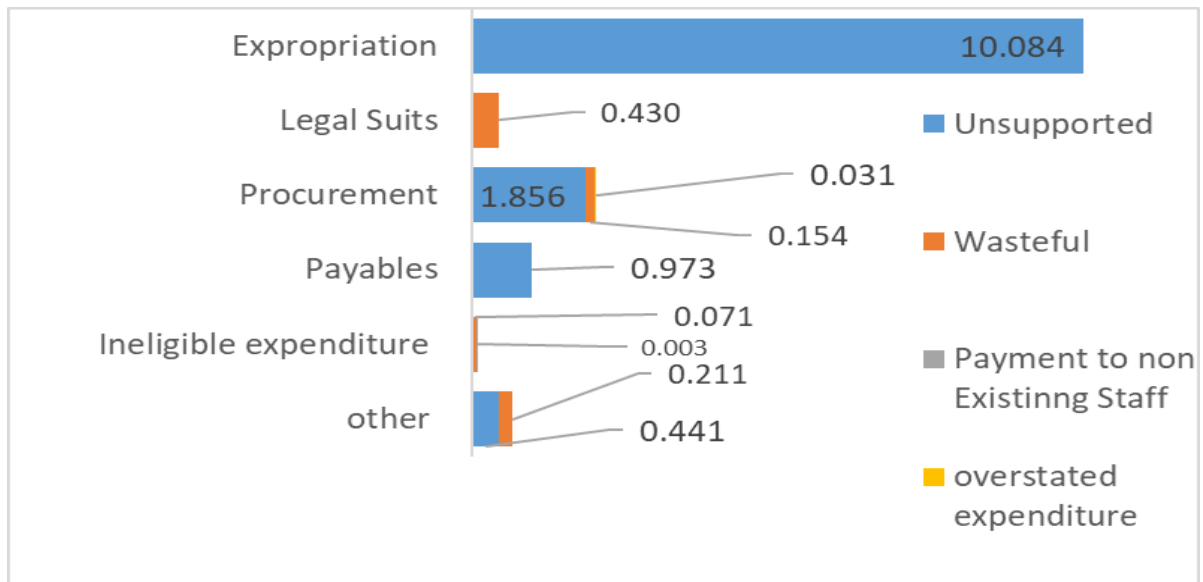
Figure 1: Amount of PFM weaknesses (in billion FRW) per FY



4.1.1 Expenditure-Related Weaknesses

The category of expenditure related weaknesses made of unsupported expenditures (FRW 13.354 billion) and wasteful (FRW 0.866billion) are the most subcategories of weaknesses that have contributed to the total expenditure related weaknesses at 93.6% and 6%, respectively as per figure 2. During this fiscal year incomplete supporting document for expropriation contributed most to increase expenditure related weaknesses.

Figure 2:Expenditure-Related Weaknesses by Thematic Subcategory (in billion FRW)



Amount and number of districts affected by unsupported expenditure have inconsistently changed over last five years. Overall, 19 districts and City of Kigali this fiscal year compared to 22 districts and City of Kigali in 2022-23 as it is reported in the table below. Very few districts have managed to avoid unsupported expenditure in at least two consecutive fiscal years.

Table 3: Changes of Expenditure Related Weaknesses per Districts

#	District	Amount of exp.-related weaknesses FY 2023-24(FRW)	Amount of exp.-related weaknesses FY 2022-23(FRW)	Amount of exp.-related weaknesses FY 2021-22(FRW)	Amount of exp.-related weaknesses FY 2020-21(FRW)	Amount of exp.-related weaknesses FY 2019-20(FRW)
1	Bugesera	57,962,036	9,251,144	500,000	45,206,833	150,000,000
2	Burera	31,868,860	13,034,622	2,665,313	223,399,836	-
3	City of Kigali	11,306,116,848	3,331,494,294	2,300,581,134	14,355,065,645	62,230,910
4	Gakenke	44,134,531	19,350,694	79,918,474	2,621,000	-
5	Gatsibo	10,348,830	54,266,044		307,537,677	-
6	Gicumbi	14,798,502	1,903,600	82,064,921	36,894,435	28,856,479
7	Gisagara	1,169,975,071	45,328,073	1,466,254,680	196,608,827	105,000,000
8	Huye	2,961,911			159,291,522	-
9	Kamonyi		810,000	32,854,563	136,850,000	-
10	Karongi	816,276,181		132,002,515	48,553,916	48,744,400
11	Kayonza	16,958,250		392,195,056	446,485,523	3,731,714
12	Kirehe	454,227,658	11,837,067	6,050,000	690,887,801	-
13	Muhanga	6,520,000	999,494	19,992,389	242,797,636	-
14	Musanze			695,655		-
15	Ngoma		4,711,077	6,213,361		-
16	Ngororero		223,202,815	59,292,628	5,059,050	33,631,514
17	Nyabihu		77,979,047		10,000,000	2,000,000
18	Nyagatare	4,475,969	16,200,000		901,025,578	
19	Nyamagabe	16,341,108	1,737,949	35,504,834	234,268,787	7,281,875
20	Nyamasheke	69,028,330		639,821	1,552,441	
21	Nyanza		958,797	539,069,210	119,624,145	3,718,201
22	Nyaruguru	15,003,867	49,737,960	57,770,576	18,048,878	
23	Rubavu		78,465,317	6,717,314	2,180,507,730	
24	Ruhango	118,428,865	910,000	910,000	550,270,746	18,977,498
25	Rulindo	2,798,304	41,305,294	38,370,214	82,722,033	-
26	Rusizi	7,758,400	36,382,457		4,050,463	-
27	Rutsiro	93,256,431	34,456,159	14,769,458	13,336,657	65178454
28	Rwamagana		22,602,775	4,203,208	4,269,519	-
	Total	14,259,239,952	4,076,924,679	5,279,235,324	21,016,936,678	529,351,045

Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2019-24)

4.1.2 Unsupported Expenditure

As opposed to the previous year where 7 districts received audit finding of unsupported expenditure, findings from this fiscal year show that 9 districts have recorded this weakness category. If you compare last three fiscal years, a significant number of districts have consistently overcome this weakness. The City of Kigali and Gakenke district did not overcome the same weakness in last three fiscal years as per table below.

Table 4: Amount of unsupported expenditure per District

#	District	Amount of exp.-related weaknesses FY 2023-24(FRW)	Amount of exp.-related weaknesses FY 2022-23(FRW)	Amount of exp.-related weaknesses FY 2021-22(FRW)	Amount of exp.-related weaknesses FY 2020-21(FRW)	Amount of exp.-related weaknesses FY 2019-20(FRW)
1	Bugesera	18,568,782			22,395,000	150,000,000
2	Burera		11,100,000		222,699,836	
3	City of Kigali	11,061,715,251	2,856,147,850	188,866,883	13,510,673,005	62,230,910
4	Gakenke	44,134,531	19,350,694	77,551,598		
5	Gatsibo	3,740,750			109,669,835	
6	Gicumbi				36,894,435	
7	Gisagara	1,132,448,716			195,749,327	
8	Huye				150,000,000	
9	Kamonyi			26,098,751	136,850,000	
10	Karongi	654,307,585		41,847,960		48,744,400
11	Kayonza	14,073,250		392,195,056	299,520,000	3,731,714
12	Kirehe	422,444,420			690,887,801	
13	Muhanga				222,761,162	
14	Musanze					
15	Ngoma		4,711,077	6,213,361		
16	Ngororero		24,362,815	20,168,962	342,000	33,631,514
17	Nyabihu				10,000,000	2,000,000
18	Nyagatare	4,475,969			895,148,011	
19	Nyamagabe		476,775	30,411,092	228,564,334	7,281,875
20	Nyamasheke				899,855	
21	Nyanza			16,100,590	115,405,944	
22	Nyaruguru		16,694,433		15,150,900	
23	Rubavu				2,028,000,000	
24	Ruhango				549,310,746	18,977,498
25	Rulindo					
26	Rusizi					
27	Rutsiro					
28	Rwamagana				3,509,519	
	Total	13,355,909,254	2,932,843,644	799,454,253	19,444,431,710	326,597,911

So

urce: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2019-24)

4.2.3. Wasteful Expenditure

Compared to the last fiscal year, 8 against 20 audit queries were affected by wasteful expenditure. For last three fiscal years, only three districts have consistently avoided wasteful expenditure at least in two consecutive years. In terms of amount, there is a consistent decreasing trend during the last three audited fiscal years as per the table below.

Table 5: Amount of wasteful expenditure per District

#	District	Amount of exp.- related weaknesses FY 2023-24(FRW)	Amount of exp.- related weaknesses FY 2022-23(FRW)	Amount of exp.- related weaknesses FY 2021-22(FRW)	Amount of exp.- related weaknesses FY 2020-21(FRW)	Amount of exp.-related weaknesses FY 2019- 20(FRW)
1	Bugesera	39,393,254	9,251,144	500,000	22,811,833	-
2	Burera	576,452	1,934,622	-	700,000	-
3	City of Kigali	244,401,597	474,576,444	2,111,714,251	833,660,140	-
4	Gakenke	-	-	2,366,876	2,621,000	-
5	Gatsibo	6,608,080	53,456,044	-	197,867,842	-
6	Gicumbi	6,608,080	620,000	82,064,921		28,856,479
7	Gisagara	37,526,355	45,328,073	1,466,254,680	859,500	105,000,000
8	Huye	2,961,911			1,087,400	-
9	Kamonyi		810,000	5,025,812		-
10	Karongi	161,968,596		45,789,723	4,189,084	-
11	Kayonza	2,885,000			146,328,623	-
12	Kirehe	31,783,238	5,322,127	6,050,000		-
13	Muhanga	6,520,000		17,887,376	18,283,174	-
14	Musanze			695,655		-
15	Ngoma					-
16	Ngororero		198,840,000	39,123,666		-
17	Nyabihu		77,979,047			-
18	Nyagatare		16,200,000			-
19	Nyamagabe	16,341,108	1,261,174	4,557,520	4,404,525	-
20	Nyamasheke	69,028,330				-
21	Nyanza			522,968,620	500,000	-
22	Nyaruguru	15,003,867	33,043,527	57,770,576	1,635,353	-
23	Rubavu		9,031,380	6,717,314	152,507,730	-
24	Ruhango	118,428,865	910,000	910,000	960,000	-
25	Rulindo		35,199,259	35,199,259	43,340,474	-
26	Rusizi	7,758,400	35,482,457		3,976,663	-
27	Rutsiro	93,256,431	34,456,159	14,769,458	13,336,657	37,000,000
28	Rwamagana		18,637,000	4,203,208		
	Total	861,049,564	1,052,338,457	4,424,568,915	1,449,069,998	170,856,479

Source: Data compiled from OAG audit reports of the 28 Districts and the City of Kigali (2019-24)

The largest parts of wasteful expenditure consist of lost in legal suits (FRW 430 million), weakness of paying penalties due to the delayed payments taxes (FRW 72 million) and others.

4.2.4. Fraudulent Expenditure

In terms of number of institutions and monetary value, none of districts reported with fraudulent weakness this fiscal year. It is a good sign that all districts and City of Kigali are trying to strengthen internal control systems and risk mitigation to avoid embezzlement of public funds.

Table 6: Amount of fraudulent expenditure per District

District	Amount of fraudulent exp. FY 2023-24(FRW)	Amount of fraudulent exp. FY 2022-23(FRW)	Amount of fraudulent exp. FY 2021-22(FRW)	Amount of fraudulent exp. FY 2020-21(FRW)	Amount of fraudulent exp. FY 2019-20(FRW)	Amount of fraudulent exp. FY 2018-19(FRW)
City of Kigali	-			10,732,500		
Gakenke	-					
Gatsibo	-	810,000				
Gicumbi	-	204,600				
Karongi	-		44,364,832	44,364,832		
Kayonza	-			636,900		
Huye	-			8,204,122		
Nyamagabe	-					
Nyanza	-			3,718,201	3,718,201	
Nyaruguru	-			1,262,625		
Ngororero	-			4,717,050		
Nyamasheke	-		639,821	652,586		8,061,270
Muhanga	-	529,350	529,350	1,753,300		
Kamonyi	-		1,730,000			
Rulindo	-			39,381,559		
Rusizi	-			73,800		7,256,730
Rutsiro	-					
Total	-	1,543,950	47,264,003	115,497,475	3,718,201	15,318,000

Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2018-24)

4.2.4. Overstated Expenditure

The table 7 illustrates that only Burera district experienced overstated expenditure weakness. The overpayment made during the execution of contract of construction of Mulindi IDP Model village phase 2.

Table 7: Amount of overstated expenditure per District

District	Amount of overstated exp. FY 2023-24(FRW)	Amount of overstated exp. FY 2022-23 (FRW)	Amount of overstated exp. FY 2021-22 (FRW)	Amount of overstated exp. FY 2020-21 (FRW)	Amount of overstated exp. FY 2019-20 (FRW)	Amount of overstated exp. FY 2018-19 (FRW)
Bugesera						849,680
Burera	31,292,408					
City of Kigali		770,000				
Gakenke						3,694,000
Gicumbi		1,079,00				
Huye						
Kamonyi						
Karongi						
Kirehe		6,514,940				
Muhanga		470,144				
Musanze						
Nyarugenge						8,353,673
Nyanza						1,401,146
Rubavu		69,433,937				
Rulindo		34,125				
Rutsiro					28,178,454	
Rusizi		900,000				
Rwamagana		3,965,775				
Total	31,292,408	83,167,921	-	-	28,178,454	14,298,499

Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2018-24)

4.2.5. Payment to Non-Existent Staff

During the fiscal year under analysis, only one opposed to two districts last audited year as per table 8 have been affected payment to non-existing staff. The current report found Rulindo district with payment to non-existing staff in three successive last fiscal years.

Table 8: Amount of Payment to Non-existing staff per District

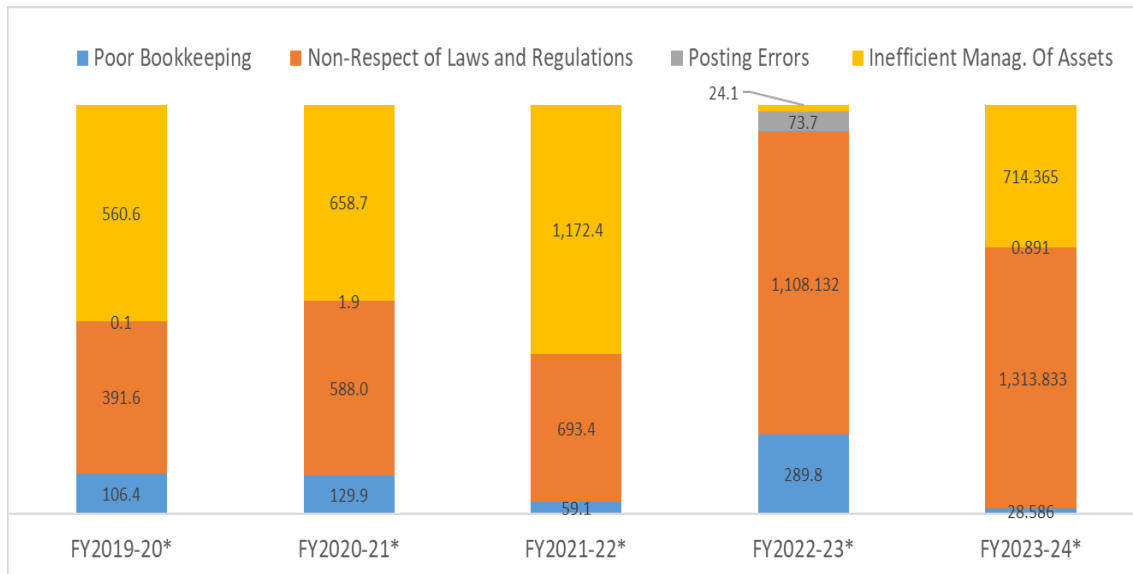
District	Amount of overstated exp. FY 2023-24 (FRW)	Amount of overstated exp. FY 2022-23 (FRW)	Amount of overstated exp. FY 2021-22 (FRW)	Amount of overstated exp. FY 2020-21 (FRW)
Burera			2,665,313	
Muhanga			1,575,663	
Nyanza		958,797		
Nyagatare				5,877,567
Nyamagabe			536,222	1299928
Rulindo	2,798,304	6,071,910	3,170,955	
Rwamagana				760000
Total	2,798,304	7,030,707	7,948,153	7937495

Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2020-24)

4.3. Non-Expenditure-Related Weaknesses

Non-Expenditure-related weaknesses increased by 38% compared to the previous fiscal years. Last year, weaknesses related to the inefficient management of districts increased almost 30 times, projects/transactions affected by non-compliance with laws and regulations increased around 1.2 times while poor bookkeeping weakness decreased by 10times as per figure below. Over years, non-respect to laws and procedures continued to be the main variable affecting the category of non-related expenditure weaknesses as they count 63.85% to the total non-expenditure related weaknesses.

Figure 3: Amount of non-expenditure-related weaknesses (in billion FRW) idle assets and funds excluded

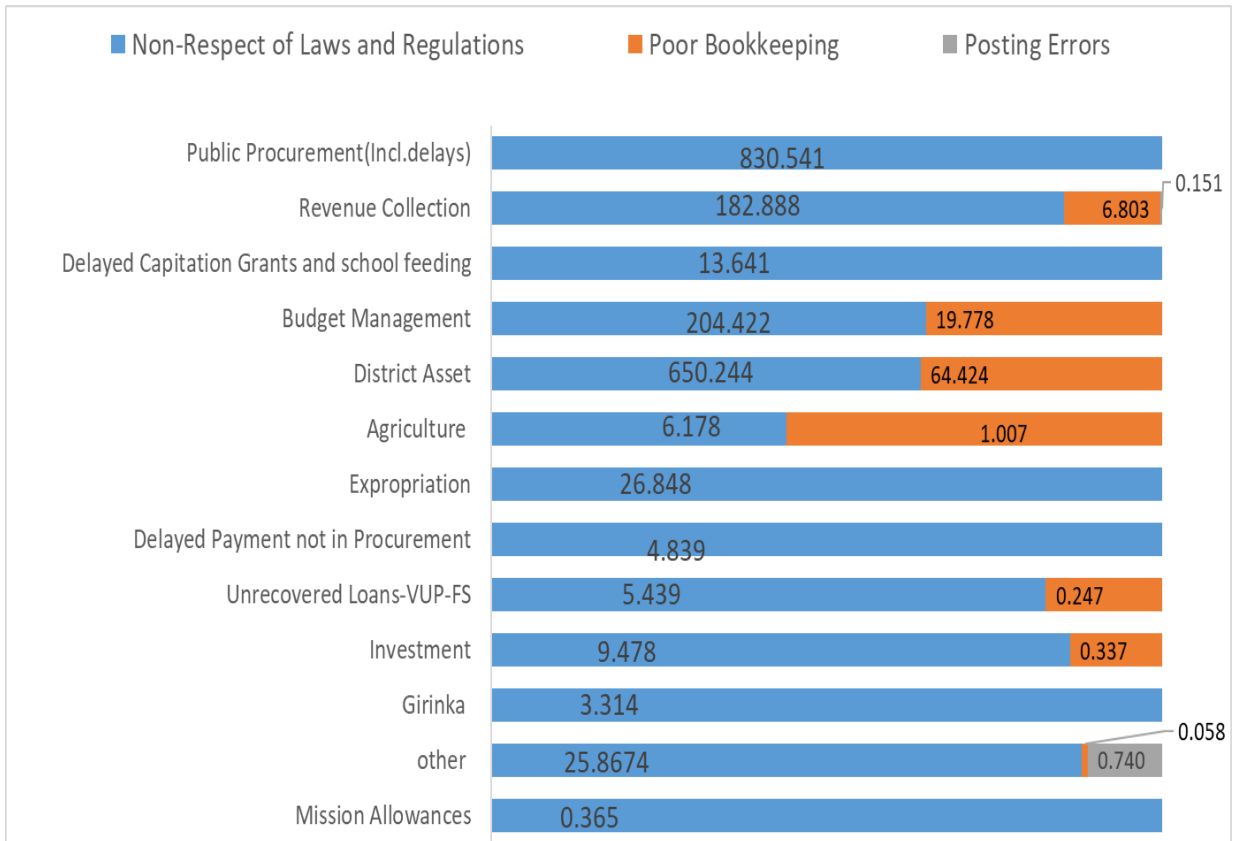


Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2019-2024)

For this FY, weaknesses in public procurement such as contract management, irregularities in awarding tender are main variables affecting non-expenditure-related weaknesses category. All procurement weaknesses count 39% of total PFM weaknesses while procurement transactions that suffered from non-compliance with laws and procedures counts 40% % of total non-expenditure weaknesses.

Apart from the weaknesses noted, public procurement, issues in revenue collection, delayed payment for school feeding and capitation and budget management are major challenges to achieve effective PFM in local government entities. Additionally, the analysis found that inefficient management of districts' assets and long delayed payment for expropriation continue to affect PFM of local government entities.

Figure 4: Non-Expenditure-Related Weaknesses by Thematic Subcategory (in billion FRW)



Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2023-24)

However, geographical comparison of distribution of non-expenditure-related weaknesses across the country might not be reliable due to different number of districts and different amount of the budget in all four provinces and City of Kigali. Findings revealed that all districts and City of Kigali are recurrently affected by non-expenditure related weaknesses. City of Kigali, Bugesera, Kamonyi, Ngoma and Rubavu are the most affected entities by this category of PFM weakness.

Different respondents at district level and PFM experts continued to mention issues from both sides of the procuring entities and clients that affect public procurement. They added that they have experienced many complex shortcomings arising along the procurement process such as bidders'/supervising companies/clients and contract managers who do not fulfil their responsibilities accordingly and this poses procurement issues, which are in most cases in compliance or value for money in nature. PFM staff from the districts added that they are mainly affected by issues related to value for money as well as compliance issues due to the project from the central level, superficially designed. Examples here they mentioned construction

schools, and health posts among others. The table below provides more details on change in amount for non-expenditure related weaknesses per district.

Table 9: Change in amount of non-expenditure-related weaknesses per District (asset included)

#	District	Amount of non-exp.-related weaknesses FY 2023-24(FRW)	Amount of non-exp.-related weaknesses FY 2022-23(FRW)	Amount of non-exp.-related weaknesses FY 2021-22(FRW)	Amount of non-exp.-related weaknesses FY 2020-21(FRW)	Amount of non-exp.-related weaknesses FY 2019-20(FRW)	% change FY2022-23 to FY 2023-24
1	Bugesera	268,393,726,618	150,739,258,997	21,965,462,563	156,960,498,773	98,545,996,495	78%
2	Burera	10,934,453,093	50,658,387,264	21,480,521,289	11,507,378,977	4,493,963,944	-78%
3	City of Kigali	1,114,791,479,224	738,847,862,112	649,861,667,380	305,659,787,563	163,967,599,774	51%
4	Gakenke	22,164,335,778	19,235,499,477	227,840,380,777	35,842,511,197	11,644,035,251	15%
5	Gasabo					2,003,879,440	-
6	Gatsibo	11,439,485,844	16,177,962,851	7,555,731,163	15,439,134,258	28,178,591,739	-29%
7	Gicumbi	20,775,261,546	17,098,884,749	142,058,311,220	11,699,062,461	13,154,689,491	22%
8	Gisagara	9,577,277,416	59,260,511,382	21,216,645,830	52,665,213,599	5,035,963,501	-84%
9	Huye	11,280,791,176	9,028,561,767	10,847,490,040	4,246,519,515	59,134,880,450	25%
10	Kamonyi	153,609,513,251	14,530,404,335	179,979,801,542	86,215,962,001	76,154,316,212	957%
11	Karongi	19,590,655,271	9,702,648,944	53,116,224,992	9,706,177,306	30,844,334,005	102%
12	Kayonza	21,678,015,902	18,412,789,726	21,412,005,121	10,223,100,119	10,082,262,035	18%
13	Kicukiro					7,644,479,934	-
14	Kirehe	24,761,384,628	17,675,628,224	31,547,220,641	156,898,892,761	6,140,993,000	40%
15	Muhanga	5,212,449,245	16,857,427,964	29,422,926,849	5,734,114,637	27,903,747,874	-69%
16	Musanze	21,695,541,680	32,739,016,173	15,388,022,435	17,608,836,348	5,614,013,478	-34%
17	Ngoma	72,406,042,316	11,026,656,878	6,853,954,823	21,351,065,974	32,461,280,571	557%
18	Ngororero	37,363,905,052	55,207,539,894	36,117,075,730	10,397,561,265	13,048,321,010	-32%
19	Nyabihu	20,966,806,518	29,303,852,866	43,355,898,904	159,551,779,227	46,103,713,753	-28%
20	Nyagatare	26,488,128,726	26,851,837,352	17,446,606,185	54,943,880,137	99,020,615,378	-1%
21	Nyamagabe	9,420,549,687	12,970,667,026	97,043,792,266	63,473,674,606	7,397,522,704	-27%
22	Nyamasheke	7,963,975,919	8,523,879,732	8,386,260,300	9,167,248,722	66,662,312,049	-7%
23	Nyanza	18,714,024,499	8,458,131,830	14,611,728,897	48,870,203,450	8,736,393,951	121%
24	Nyarugenge					10,754,889,739	-
25	Nyaruguru	7,936,927,718	2,876,553,071	2,843,100,344	29,127,678,396	65,848,069,384	176%
26	Rubavu	59,533,399,921	23,441,424,868	62,930,658,937	25,571,649,650	94,251,221,627	154%
27	Ruhango	8,758,546,713	12,463,490,206	12,093,005,047	17,337,079,484	15,583,815,592	-30%
28	Rulindo	18,082,268,376	79,503,885,234	23,539,711,128	28,313,940,891	11,472,999,261	-77%
29	Rusizi	25,244,718,735	19,313,699,951	16,469,051,510	14,761,456,748	2,844,170,680	31%
30	Rutsiro	8,186,492,332	14,761,006,517	133,281,469,020	7,741,208,275	25,409,045,871	-45%
31	Rwamagana	20,706,737,749	20,067,305,652	16,152,808,361	9,079,705,303	8,461,900,173	3%
	Total	2,057,676,894,932	1,495,734,775,042	1,924,817,533,295	1,380,095,321,643	1,058,600,018,366	38%

Source: Data compiled from OAG audit reports of the 30 Districts and the City of Kigali (2019-24)

4.3.1 Change in Non-Respect of Laws and Procedures (including districts 'assets')

All districts and the City of Kigali have been repeatedly affected by non-compliance with laws and procedures in their transactions over the last five fiscal years. Auditors identified cases of non-respect of laws and procedures including non-compliance in management of districts 'assets' valued at an amount of FRW1,964.078 billion during the fiscal year 2023-24 opposed to FRW 1,132.213 billion reported during last fiscal year. This means an increase of 73.4% this fiscal year, due to the significant increase in the inefficient management of district asset and issues in public procurement, poor quality

implemented projects, delayed payment for contractors and suppliers, transfer of capitation grants and school feeding, unrecovered loans for VUP financial services and irregularities in investments as well.

Table 10: Amount of non-respect of laws and procedures per District (Assets Included)

No	District	Amount FY 2023-24(FRW)	Amount FY 2022-23(FRW)	Amount FY 2021-22(FRW)	Amount FY 2020-21(FRW)	Amount FY 2019-20(FRW)
1	Bugesera	266,326,301,824	25,268,207,088	20,057,772,774	17,839,049,101	5,346,341,149
2	Burera	10,905,879,986	20,337,148,358	15,358,008,862	5,397,489,773	4,216,142,995
3	City of Kigali	1,056,494,545,459	707,940,698,751	470,358,264,981	239,842,031,743	144,580,230,565
4	Gakenke	15,847,139,166	18,962,313,450	173,596,285,079	34,597,850,570	10,174,702,678
5	Gasabo					1,982,718,151
6	Gatsibo	11,357,386,373	15,915,585,721	7,470,036,925	14,002,366,848	27,796,884,418
7	Gicumbi	20,775,261,546	16,236,175,473	142,057,711,120	9,713,551,178	9,768,589,763
8	Gisagara	9,085,777,727	16,104,111,901	13,761,615,116	11,727,044,770	4,644,368,945
9	Huye	11,279,791,176	7,811,119,850	4,649,771,261	4,034,545,232	58,497,846,327
10	Kamonyi	142,808,473,970	10,786,213,034	92,315,634,920	77,120,819,948	6,044,422,231
11	Karongi	18,985,576,781	9,675,159,270	14,207,166,185	5,545,905,355	30,593,174,477
12	Kayonza	18,240,832,153	17,893,767,751	21,145,774,047	9,702,398,168	8,594,666,944
13	Kicukiro					5,391,488,756
14	Kirehe	24,211,730,287	16,470,094,808	8,928,401,428	12,314,356,291	3,455,015,146
15	Muhanga	4,896,634,497	16,785,905,298	10,784,298,205	2,225,770,632	15,147,343,177
16	Musanze	18,046,942,540	32,580,153,539	15,059,665,340	11,370,325,152	4,047,522,646
17	Ngoma	70,905,930,012	10,976,254,984	3,535,256,000	14,078,926,015	31,938,167,421
18	Ngororero	37,357,193,778	13,546,898,862	36,117,075,730	10,328,661,368	12,842,137,707
19	Nyabihu	20,951,253,653	28,532,930,960	43,328,748,104	15,521,782,409	45,920,156,251
20	Nyagatare	26,072,379,021	26,582,341,631	17,424,360,905	27,229,264,397	78,613,203,196
21	Nyamagabe	9,319,528,921	12,954,243,128	96,878,796,100	40,301,204,209	7,059,320,141
22	Nyamasheke	7,818,131,798	8,518,728,353	8,385,776,675	8,739,766,540	66,660,953,923
23	Nyanza	18,337,850,317	6,392,361,293	12,023,824,988	44,161,100,433	4,115,213,015
24	Nyarugenge					7,952,469,872
25	Nyaruguru	6,772,568,518	2,855,936,257	2,843,100,344	10,051,669,410	6,363,862,961
26	Rubavu	59,502,245,724	23,360,380,455	56,798,579,992	25,571,649,650	88,030,861,302
27	Ruhango	8,569,385,313	12,377,364,388	10,394,989,593	14,985,158,561	5,482,705,331
28	Rulindo	16,974,561,976	9,610,582,704	6,729,766,073	10,939,844,830	5,298,638,678
29	Rusizi	24,909,661,891	9,393,650,406	16,449,168,310	13,834,875,767	2,210,068,003
30	Rutsiro	8,147,877,523	14,444,242,171	6,498,383,649	4,094,759,418	24,499,816,795
31	Rwamagana	19,178,021,376	19,900,746,906	16,115,836,361	4,960,028,117	5,086,275,846
	Total	1,964,078,863,305	1,132,213,316,790	1,343,274,069,068	700,232,195,885	732,355,308,810

Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2019-2024)

A number of examples for most affected categories are indicated below:

- The audit noted that Bugesera recognized assets amounting to Frw 77,687,817,935 and assets amounting to Frw 26,913,958,114 disclosed in notes to the financial statements. However, the district management did not mention the details like physical location, supplier details, and user of asset as required.

- The audit noted that logistic officer conducted physical verification of 4998 assets equivalent to Frw 74,267,287,189 in Kamonyi District only.
- CoK and China road corporation signed a contract No 02/ICB/Works/2022/2023/CoK for road construction works of Nyabisindu and Nyagatovu informal settlement upgrading works in the City of Kigali at Frw 11,744,722,025. On 01 June 2024, an amendment of Frw 3,941,722,194 to the initial contract was signed;
- Hence, the total contract amount became Frw 15,686,444,219 and it was noted that the contractor started the execution of works without validating the initial study review as required by the above requirements.
- In September 2020, the City of Kigali (CoK) developed a concept note for the implementation of Kigali Infrastructure Project (KIP). The project came in as a solution of persistent increase in traffic congestion along major corridors resulting into long travel time and high vehicle operating cost to road users. The scope of the project initially was to construct 215.5 Km of new connector roads and upgraded major corridors to curb down traffic congestion in the City of Kigali. To overcome financing constraints resulting from the total budget required to construct 215.5 Km of roads vis-à-vis the annual budget allocated to the City of Kigali, it was resolved that a partnership with Crystal Ventures Limited (CVL) be conceived in form of a pre-financing arrangement. It is in this regards that on 05 October 2020, a 10 years Memorandum of Understanding (MoU) on the pre-financing arrangement worth USD 404,725,673 VAT exclusive equivalent to Frw 387,716,631,394 (using the average exchange rate of 957.9739 on the date of MoU signature) was signed between the City of Kigali and Crystal Ventures Limited (CVL). The review of implementation of the above project revealed the following concerns: Slow pace of implementation of Kigali Infrastructure Project raising red flag of project stoppage due to project funding issues; Delay noted on completion of study and design of different road sections of Kigali infrastructures project; Persistent failure to provide a work plan schedule/roadmap indicating each phase timeframe for the implementation of the project; Concerns on the implementation of KIP funding arrangements; Unrepaired snags at KIP completed roads constructed in Phase I. Similarly, the audit noted that City of Kigali (CoK) has authorized the bills of exchange relating to interim payment certificate amounting to Frw 79,467,972,043 taxes inclusive but no related electronic billing machine (EBM) invoices availed for audit purpose.
- The purpose of ensuring the valuation exercise is carried out in a coordinated manner, the valuation exercise shall commence with an entry meeting with the CBM and IAVC and shall be concluded with a closing meeting that will confirm the completeness of the data collection and ensure concurrence on the

methodology deployed. Contrary to the above requirement, the audit revealed Valuation of land, Buildings, and road transport equipment equivalent to Frw 156,489,820,673, Frw 75,628,531,513, Frw 1,162,347,782 respectively carried out by Price water house coopers (Pwc) with the following irregularities: There are no letter/email assign a member of internal valuation committee to assist in the processes. Further, there is no proof of at least 2 technical staff in charge of asset management participated in Valuation process• No minutes of an entry meeting and closing meeting of the valuation exercise provided to the audit team; • CBM certified the values signed to the assets on 31 October 2024 after data olections and valuation exercises while the validation should happen when the data collectors (valuers) is still on the ground and before the data collectors (valuers) embark on conducting analysis to finalize the valuation. As highlighted in the previous audit report for the year ended 30 June 2022, on 21 June 2019, Gakenke District with Visa of RTDA signed a contract worth Frw 6,513,868,961 with JV CSC & EC (PROPRIATARY) & Fair Construction Ltd for rehabilitation, upgrading and multi-year maintenance of indicative feeder roads in Gakenke District (lot 1) for 32 Km connecting Buranga Kamubuga - Rutabo and Base. The initial contract for rehabilitation works was supposed to be completed within 18 months ended 16 January 2023. The contract was amended 6 times with time extension of 9 months ended on 14 January 2024. Review of reports of supervisor and contracts availed in February 2024 revealed that construction works were still ongoing at the rate of 84.8% of progress after expiration of rehabilitation period. Works not yet completed include drainage and structure, pavement and axillary works. The supervision reports shows that main causes of slow progress are rainfall, dump trucks, crusher plant not operating on daily basis and insufficient quantity of quarry dust produced per day.

4.3.2. Poor Bookkeeping

This analysis revealed that except Gisagara other districts and City of Kigali are recurrently affected by weaknesses of poor bookkeeping. The monetary value has decreased from RW 289.799 billion in FY2022-23 to FRW 92.706billion in FY2023-24(all asset management related issues included) as per table below. Main determinants of this category include inefficiency in management of district assets, budget management and execution, budget management, revenue collection while other weaknesses are irregularities in investment and VUP Financial Services.

In revenue collection, poor bookkeeping practices identified by the auditors are lack of clear documentation of collected revenues, unexplained differences between the

amounts of revenue collected according to different sources such as district financial statements, difference between taxes declared and paid among others.

For budget management, districts affected by weakness of failing to provide appropriate explanations of either difference between approved and executed budget for some budget lines, Variance between estimated cost as per consolidated report and estimated cost as per individual report,

Table 11: Amount related to poor bookkeeping per District (Assets included)

No	District	Amount FY 2023-24(FRW)	Amount FY 2022-23(FRW)	Amount FY 2021-22(FRW)	Amount FY 2020-21(FRW)	Amount FY 2019-20 (FRW)
1	Bugesera	2,067,424,794	125,471,051,909	1,907,689,789	139,103,901,472	93,199,655,346
2	Burera	24,799,202	26,404,442	6,122,512,427	6,109,889,204	261,913,569
3	City of Kigali	57,409,328,765	30907163361	1.80E+11	65817755820	19387369209
4	Gakenke	6,317,196,612	266,061,250	54,244,095,698	1,244,660,627	1,469,332,573
5	Gasabo					21,161,289
6	Gatsibo	82,099,471	105,795,922	85,694,238	1,108,631,238	368,778,370
7	Gicumbi	491,499,689	862,709,276	600,100	1,985,511,283	3,386,099,728
8	Gisagara		35,946,668	7,455,030,714	40,938,168,829	391,594,556
9	Huye	1,000,000	1,186,130,380	6,197,718,779	211,497,973	637,034,123
10	Kamonyi	10,801,039,281	3,744,191,301	87,664,166,622	9,095,142,053	70,109,893,981
11	Karongi	605,078,490	27,489,674	38,909,058,807	4,160,271,951	251,159,528
12	Kayonza	3,437,183,749	519,021,975	266,231,074	520,701,951	1,487,595,091
13	Kicukiro					2,252,991,178
14	Kirehe	549,654,341	1,205,533,416	22,618,819,213	144,584,419,470	2,685,977,854
15	Muhanga	315,814,748	71,522,666	18,638,628,644	3,508,344,005	12,756,404,697
16	Musanze	3,648,599,140	158862634	328357095	6238511196	1566490832
17	Ngoma	1,500,112,304	50,401,894	3,318,698,823	7,272,139,959	523,113,150
18	Ngororero	6,711,274	41,660,641,032		68,899,897	206,183,303
19	Nyabihu	15,552,865	708,352,014	27,150,800	144,029,996,818	183,557,502
20	Nyagatare	415,749,705	269,495,721	22,245,280	27,708,738,173	20,407,412,182
21	Nyamagabe	101,020,766	16,423,898	164,996,166	23,171,170,469	338,202,563
22	Nyamasheke	145,844,121	5,151,380	483,625		1,358,126
23	Nyanza	376,174,182	2,065,770,537	2,587,903,909	427,482,182	4,621,180,936
24	Nyarugenge					2,802,419,867
25	Nyaruguru	1,164,359,200	20,616,814		19,076,008,986	59,484,206,423
26	Rubavu	31,154,197	32,801,180	6,132,078,945		6,220,360,325
27	Ruhango	189,161,400	86,125,818	1,698,015,454	2,351,920,923	12,047,527,493
28	Rulindo	1,107,706,400	69,893,302,530	16,809,945,055	17,375,096,061	6,174,360,583
29	Rusizi	335,056,844	9920049545	19883200	926580981	634102677
30	Rutsiro	38,614,809	316,764,346	126,783,085,371	3,646,448,857	909,229,076
31	Rwamagana	1,528,716,373	165,562,746	36,972,000	2,575,523,008	3,375,624,327
	Total	92,706,652,722	289,799,344,329	581,543,464,227	673,257,413,386	328,162,290,457

Source: Data compiled from OAG audit reports of the 30 Districts and the City of Kigali (2019-2024)

For the clarity of the category of PFM weaknesses reported under poor bookkeeping, the following examples can be highlighted.

- Review of E-filing tax acknowledgment receipts of Karongi District revealed unexplained difference of Frw 514,030,376 on pension, PAYE, CBHI and maternity due to none and underpayment of tax and RSSB contributions declared. This attracted interest and penalties amounting to Frw 159,068,422 as at 30 June 2024. The above gives a total liability of Frw 673,098,798 due by Karongi District to RRA and RSSB as per E-payment online tax. No evidence provided to confirm whether Karongi district made a follow up to clear the issue related to these underpayments.
- In the City of Kigali, the review of expenditure revealed unexplained differences between amount declared and amount paid for different taxes. VAT with difference of Frw 192,072,045. Withholding tax on public supplies with difference of Frw 93,562,272 and Withholding tax on service fee with difference of Frw 12,266,022.
- Review of the consolidated asset register of Gakenke District revealed that it does not include assets worth Frw 2,657,844,307 belonging to Gatonde District Hospital. However, for reporting purposes, these assets were manually added to the total. The District management explained that the omission was due to limitations in the IFMIS system, which currently does not support the consolidation of the District asset register with that of the District Hospital.
- In Bugesera District, review of the implementation of this guideline revealed significant discrepancies between the earmarked quantities for seed and fertilizer and the actual supplies, as reflected in the activity report. These discrepancies, along with the associated costs, led to an overall variance of Frw 1,007,163,677 and an excess of 1,665 tons compared to the earmarked amounts and quantities.

4.3.3. Posting Errors

This analysis revealed that only 2 against 8 districts were reported with transactions with posting errors. For example, in City of Kigali, auditors found duplicated structures–buildings controlled by public health centers in CoK books of accounts and duplication of plots Unique Parcel Identifiers (UPI) in property taxpayers' database. In Burera district audit found erroneous tax amounts in database of property tax. This the number of affected districts and monetary value decreased significantly.

Table 12: Amount related to posting errors per District (Assets included)

No	District	Amount FY 2023-24(FRW)	Amount FY 2022-23(FRW)	Amount FY 2021- 22(FRW)	Amount FY 2020- 21(FRW)	Amount FY 2019- 20(FRW)
1	Burera	3,773,905	30,294,834,464			
2	City of Kigali	887,605,000				
3	Gakenke		7,124,777			
4	Gatsibo		156,581,208			
5	Gisagara		43,120,452,813			
6	Huye		31,311,537			
7	Nyabihu		62,569,892			
8	Rubavu		48,243,233			
9	Rwamagana		996,000			
	Total	891,378,905	73,722,113,924			

Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2019-24)

4.4. Weakness Investment Performance

This part of reports provides information on the value and geographical location of investments with various compliance and performance issues and causes of idle assets.

4.4.1. Idle Assets

Different views from experts argued that incomplete/poor quality of feasibility studies, lack of capacities, poor maintenance or poor quality of construction or equipment might result into the idle asset. For the fiscal year 2023-24, auditors noted idles assets amounted to Frw4.743 billion opposed to FRW **5.428** billion reported in fiscal year 2022-23 in decentralized entities. Idle assets are distributed in the provinces as follow: three districts from Northern, Eastern and four from Western and two from Southern and City of Kigali.

Nine districts and City of Kigali have been at least reported with idle assets in last three years. Considering the trend of idle asset, and non-performing well investment in last five years, policymakers, implementers are slowly responding to these inefficiencies. Additionally, many cases have been reported like more than five times without

appropriate solution. This experience reminds each institution to pay more attention on the importance of detailed feasibility and profitability studies that would prevent to use state funds to unproductivity investments/ projects. It is strongly recommended to conduct need assessment, determine the relevance of the project, demand analysis, risks assessment, financing options and sustainability analysis (MINECOFIN, 2018).

Generally, a project that fulfils all the above elements would not result into idle asset in normal conditions. Additionally, the national investment policy in Rwanda, insists too much on the fact of the any project/investment to first consider its relevance to the community, its effective management and ensuring transparency and accountability along the implementation processes (MINECOFIN, 2017). Generally, there should not be unproductive investments, as projects must be approved competent organ before their implementation-using district own budget or earmarked revenues. The investment committee/District council/board of directors should not approve any project without a convincing and detailed study.

During the focus group discussions, district PFM staff provided an example of some project (post-harvest warehouse, cross border market, local factories program, and health posts) came from central level and are implemented in districts without comprehensive studies. Thus, the main reasons of idle assets are due to poor planning for projects and limited focus in validation of feasibility studies that result into idle assets. A repeated information from FGDs with staff in consulted districts insisted on the strategy of joint planning as sustainable remedy to idle assets. A detailed study on root causes of idle assets in local government entities uncovered that Lack/Poor collaboration between institutions/stakeholders before and when implementing a program/project or lack of prioritization as well as lack of needs assessment and feasibility studies prior to acquiring assets.

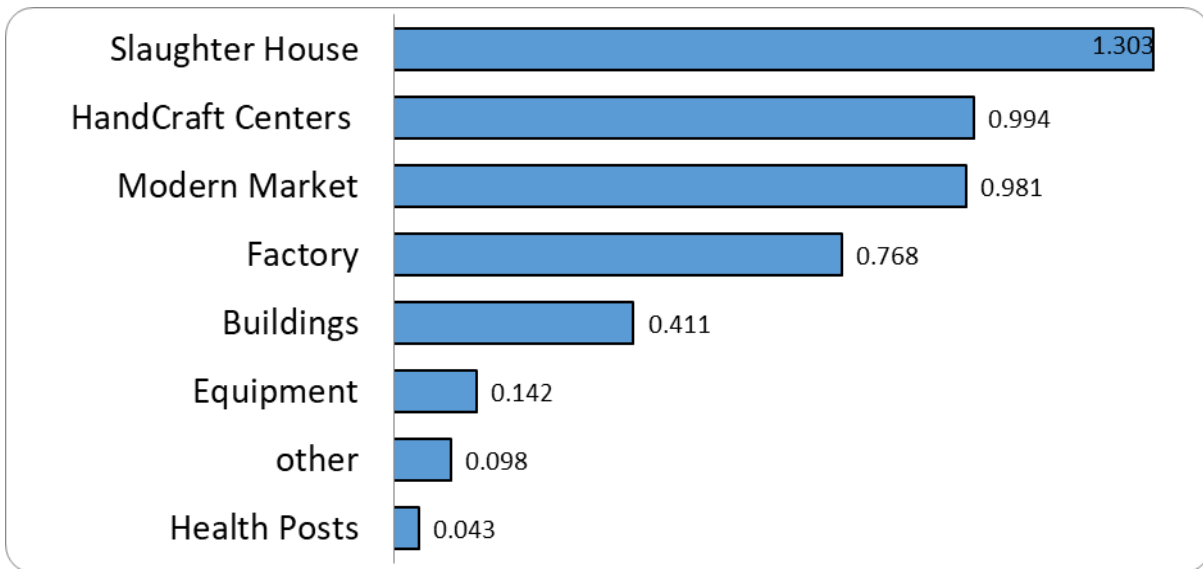
Table 13: Amount of idle assets per District

No	District	Amount FY 2023-24(FRW)	Amount FY 2022- 23(FRW)	Amount FY 2021- 22(FRW)	Amount FY 2020- 21(FRW)	Amount FY 2019-20(FRW)
1	Bugesera			22,395,000	251,933,981	
2	Burera	38,852,300		337,062,407	1,515,778,004	
3	City of Kigali	49,714,942	39,160,190	39,160,190	194,287,564	
4	Gakenke		334,978,073	8,400,000		
5	Gasabo					
6	Gatsibo	349,936	44,977,163		1,035,331,593	
7	Gicumbi	69,131,400	69,131,400		69,131,400	
8	Gisagara		21,451,075			
9	Huye		35,999,999			
10	Kamonyi					
11	Karongi				205,259,892	1,779,019,291
12	Kayonza	13,511,670	289,818,175	553,495,100	580,520,820	
13	Kicukiro					
14	Kirehe				21,968,650	
15	Muhanga					44,918,140
16	Musanze			144,583,356	144,583,356	
17	Ngoma					
18	Ngororero	947,950,776	688,337,406	689,203,596	752,336,859	862,696,988
19	Nyabihu		857,362,944	56,088,000	76,800,000	
20	Nyagatare		1,402,881,604		300,345,000	
21	Nyamagabe	1,444,465,115		19,357,000	38,977,714	
22	Nyamasheke	1,059,049,694	11,240,000		72,300,000	
23	Nyanza		28,782,031	1,184,984,976	1,245,838,027	
24	Nyarugenge					23,658,571
25	Nyaruguru		6,700,000		183,312,244	
26	Rubavu		10,987,465	151,100,000	507,549,920	
27	Ruhango	17,632,225	187,557,000	187,557,000	760,704,714	186,550,930
28	Rulindo	44,000,000	1,347,626,408		1,365,570,834	
29	Rusizi	862,285,752		86,899,739	74,886,460	252,384,990
30	Rutsiro	52,000,000	29,405,082	29,405,082	29,405,082	
31	Rwamagana	144,488,698	22,269,031			
	Total	4,743,432,508	5,428,665,046	3,509,691,446	9,426,822,114	3,149,228,910

Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2019-24)

Types of assets not in use include: slaughterhouses, handcraft, health posts, factories, modern and cross-border market, and district buildings and are not contributing to any benefit at all. The figure below reports more details.

Figure 5: Amount of idle assets per type (in billion FRW)



Source: Data compiled from OAG audit reports of the 30 Districts and the City of Kigali (2023-2024)

Some of the most notable idle assets are the following:

- On 16 March 2022, Nyagatare District signed a contract of Frw 1,061,900,460 with Global Business & Construction Ltd for construction of modern slaughterhouse in Nyagatare District for period of 1 year. On 16 March 2023, the contract amended to Frw 1,113,417,981. On 4 December 2023, an additional contract worth Frw 343,392,523 for completion of modern slaughterhouse mainly to supply additional machines not initially planned was signed with Global Business & Construction l.td for a period of 5 months. This increased the total cost of the project to Frw 1,456,810,504. The provisional handover took place on 13 November 2024 and Frw 1,274,046,068, representing 87% of the contract amount, had been paid to contractor by the time of the audit in December 2024. However, there was no evidence that this slaughterhouse was operational by the time of finalizing this audit report in January 2025.
- In Nyamasheke district, audit also noted that there are cowshed and chicken houses worth Frw 64,260,100 in different sector, which are idle.
- As highlighted in the previous audit report for the year ended 30 June 2023, Reference is made to the letter no 11.07.23/1466/23/MD-EDCL/FG/ of 19th September 2023, from the management Direction of EDCL transferred constructed and upgraded markets of Frw 871,732,994 to Nyamasheke District for operation and maintenance where Rukuta livestock market and Selling Points, Mwezi and Mugonero Markets in Ruharambuga, Karengera, and Mahembe Sectors respectively were transferred to the District. However, the

field visit conducted on 4 and 5 February 2025 noted that 43% of the above markets are not occupied.

- In Rusizi an idle Ryankana Market lacking maintenance activities. On 8 May 2020, EDCL and Delta Two Construction Ltd signed a contract worth Frw 862,285,752 to construct Bugarama handcraft and Ryankana Market, under SEAP project. The final handover took place on 22 July 2023 and then handed over on 19 September 2023 to Rusizi District for management.
- In Burera district an idle buildings in Ruhunde and Nemba sectors of Burera district. Idle buildings in Ruhunde and Nemba sectors of Burera district.

4.4.2. Investments related Weaknesses

The weaknesses in districts' investments were analysed as a crosscutting issue since last eight-year's editions of this analysis up today. The analysis of fiscal year informed that irregularities related to the investments recurrently and inconsistently increased from FRW 6.271 billion in 2022-23 to FRW 9.816 billion reported in FY 2023-24 as per table below. Audit has continuously noted big number of investment not profitable and operating at low capacity. Another audit finding is about other investments done without realistic feasibility studies.

For this time, individual district's investments are the most affected by PFM weaknesses except in southern Province where investment in SPIC LTD are much affected. Considering geographical distribution, investment affected by weaknesses are in Western Province, the City of Kigali, Southern province and Eastern Province as per table below.

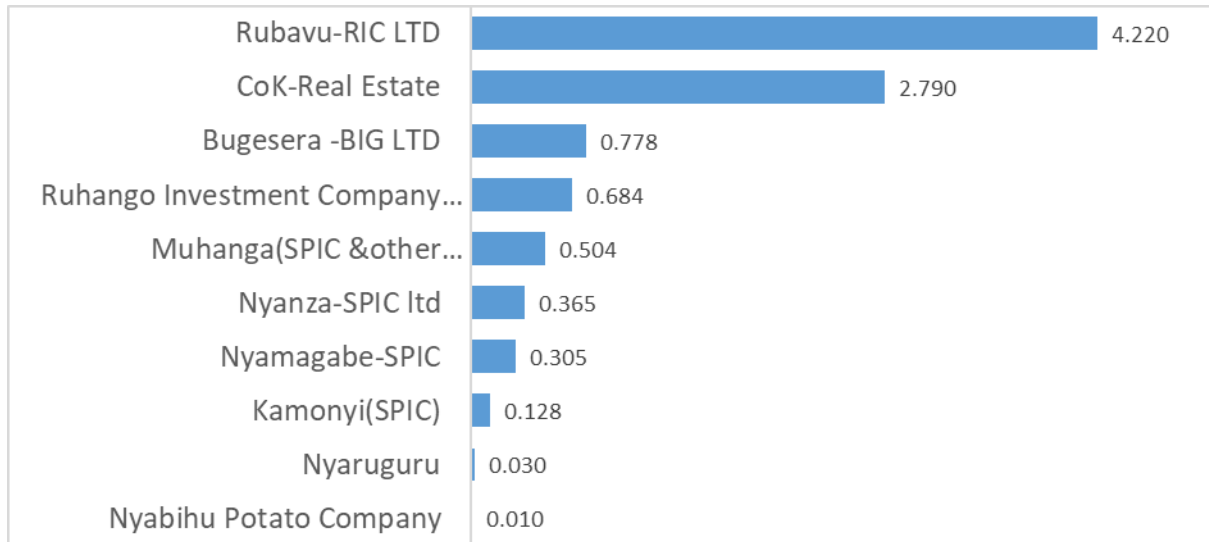
Table 14: Investment-related weaknesses per corporation and District

Corporation/District	Investment Issues FY 2023-24 in FRW	Investment Issues FY 2022- 23 in FRW	Investment Issues FY 2021- 22 in FRW	Investment Issues FY 2020- 21 in FRW	Investment Issues FY 2019- 20 in FRW
EPIC&Others	778,714,707	299,520,000	407,735,640	1,280,130,640	2,067,013,726
Kayonza (EPIC)					1,115,217,363
Kayonza(Mount Meru Soyco Ltd)			299,520,000	299,520,000	48,697,363
Kayonza(Kayonza Taxi Park)					
Bugesera					152,500,000
Bugesera Investment Group	778,714,707			22,395,000	
Nyagatare -MAIZE PROCESSING INDUSTRY				850,000,000	450,000,000
Gatsibo(Sure Investment Ltd)		299,520,000	108,215,640	108,215,640	300,599,000
SPIC&Other investment	2,017,096,873	2,925,701,007	7,045,597,398	1,260,561,162	3,072,946,270
Huye(SPIC)		186,000,048	150,000,000	150,000,000	
Gisagara			2,828,799,189		105000000
Kamonyi(SPIC)	128,000,000	25,052,768	128,000,000	128,000,000	128,000,000
Muhanga(SPIC &other Investm	504,252,410	1,367,410,326	2,631,313,152	222,761,162	2,277,261,213
Nyamagabe-SPIC	305,100,000		205,100,000	205,100,000	
Nyaruguru-SPIC	30,000,000	30,000,000		20,000,000	
Nyanza-SPIC&others	365,131,431	365,131,431	100,000,000	100,000,000	100000000
Ruhango(RIC,GAPC&SPIC)	684,613,032	952,106,434	1,002,385,057	434,700,000	567,685,057
WESPIC & others	4,230,086,168	698,337,406	698,337,406	2,038,000,000	4,607,898,063
Ngororero		688,337,406	688,337,406		
Nyabihu(WESPIC &OTHER)	10,000,000	10,000,000	10,000,000	10,000,000	1313231396
Rubavu-RIC LTD	4,220,086,168			2,028,000,000	1557742868
Rutsiro(WESPIC)					1,736,923,799
Northern		8,674,434	970,166,375	436,850,459	7,086,595
Gicumbi-RFTC		8,674,434	970,166,375	7,086,595	7,086,595
Burera College of Trade (BCT Ltd)				429,763,864	
CoK	2,790,153,592	2,339,674,593	2,366,349,871		
Total	9,816,051,340	6,271,907,440	11,488,186,690	5,015,542,261	9,754,944,654

Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2019-24)

Generally, weaknesses related to investment in many districts consist of persistent lack of full documentation of districts 'shares in the provincial/districts or other investments. The key missed supporting documents include; Memorandum of Understanding, articles of association, a business plan, projected cash flows and profits, investment returns, or minutes of Board of Directors meetings, lack of registration certificate and share certificate; Lack of audited financial statements, continued losses incurred; lack of audited financial statements among others. The figure below indicates investment monetary value per type of corporation.

Figure 6: Investment Related Weaknesses per Corporation



Source: Data from OAG's Report of State Finances (Financial Year 2023-24)

4.5. Idle Funds

The analysis of the idle funds and assets is an integral and separate category since the fiscal year of 2015-16. This year the amount of idle funds has decreased by two times with a steady consistency despite being recurrent weakness in nine districts and City of Kigali. The table below indicates more details for last five fiscal years.

This year idle funds weaknesses include unutilized funds for VUP-Financial Services, funds for health programs-CHWs (Ticket Moderateur), funds for biogas, small Scale Irrigation Technology, ubudehe program among others. The issue of the funds for CHWs kept on district accounts needs necessitates a guidance from ministry of health on how to manage the funds.

Table 15: Amount of idle funds per District

No	District	Amount FY 2023-24(FRW)	Amount FY 2022-23(FRW)	Amount FY 2021-22(FRW)	Amount FY 2020-21(FRW)	Amount FY 2019-20(FRW)
1	Bugesera				42,329,815	
2	Burera		6,088,200		13,059,195	
3	City of Kigali	6,255,000	91,298,628	188,599,128	146,550,247	
4	Gakenke	5,552,500	10,557,300	77,373,380	10,035,300	22,262,400
5	Gatsibo			29,121,318		
6	Gicumbi	10,086,300	10,086,300	10,086,300	27,827,720	129,945
7	Gisagara	15,717,624			63,774,883	
8	Huye				212,427,458	
9	Kamonyi			47,729,751	42,290,551	
10	Karongi			2,825,880	16,403,592	
11	Kayonza			35,348,937	75,362,741	
12	Kirehe		7,311,500		38,291,850	63,856,805
13	Muhanga		2,463,700			
14	Musanze				28,643,559	3,688,163
15	Ngoma			36,629,769		
16	Ngororero			89,039,304		
17	Nyabihu				143,447,609	
18	Nyagatare				47,580,276	17,502,402
19	Nyamagabe	34,824,908		3,451,150	17,153,233	
20	Nyamasheke	3,089,070	1,507,620	29,221,369		21,271,545
21	Nyanza	16,674,013	34,455,568		258,552,120	
22	Nyaruguru				287,603,152	8,279,138
23	Rubavu		230,000,000		7,696,888	81,311,787
24	Ruhango		29,693,465	46,296,303	227,964,322	
25	Rulindo	3,650,700	3,668,100	3,668,100	163,556,154	8,774,333
26	Rusizi	130,691,808		103,409,523	25,406,840	
27	Rutsiro				13,141,954	985,229
28	Rwamagana	7,872,955				
	Total	234,414,878	427,130,381	702,800,212	1,909,099,459	228,061,747

Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2019-24)

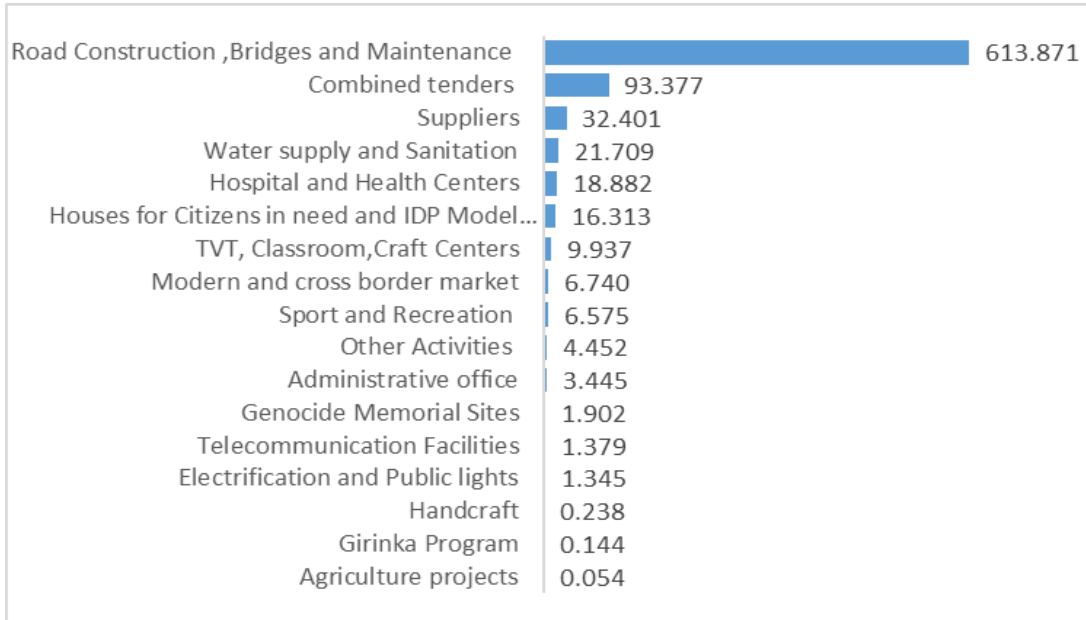
4.6. Public Procurement irregularities

PFM weaknesses in public procurement continues to increase in volume and in monetary value. Total amount of procurement related PFM weaknesses increased from FRW 817.884 billion in FY 2022-23 to FRW 832.764 billion in FY 2023-24.

Among procurement weaknesses per project, the current analysis indicated that projects of construction and maintenance of roads and bridges are the most affected with a proportion of 73.7 % of total amount of PFM weaknesses in public procurement. Procurement irregularities observed in TVT, schools and craft centers, water supply and sanitation, hospital and health centers, health posts, IDP model village, houses of citizens, modern markets projects have been reported among procurement transactions, with PFM weaknesses.

The results of more irregularities in procurement process in the implementation of the above-mentioned project leave beneficiaries not fully served while the government has successfully managed to mobilize required funds.

Figure 7:Key Procurement weaknesses by project type (in billion FRW)



Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2023-24)

The following projects are samples of procurement irregularities identified by auditors.

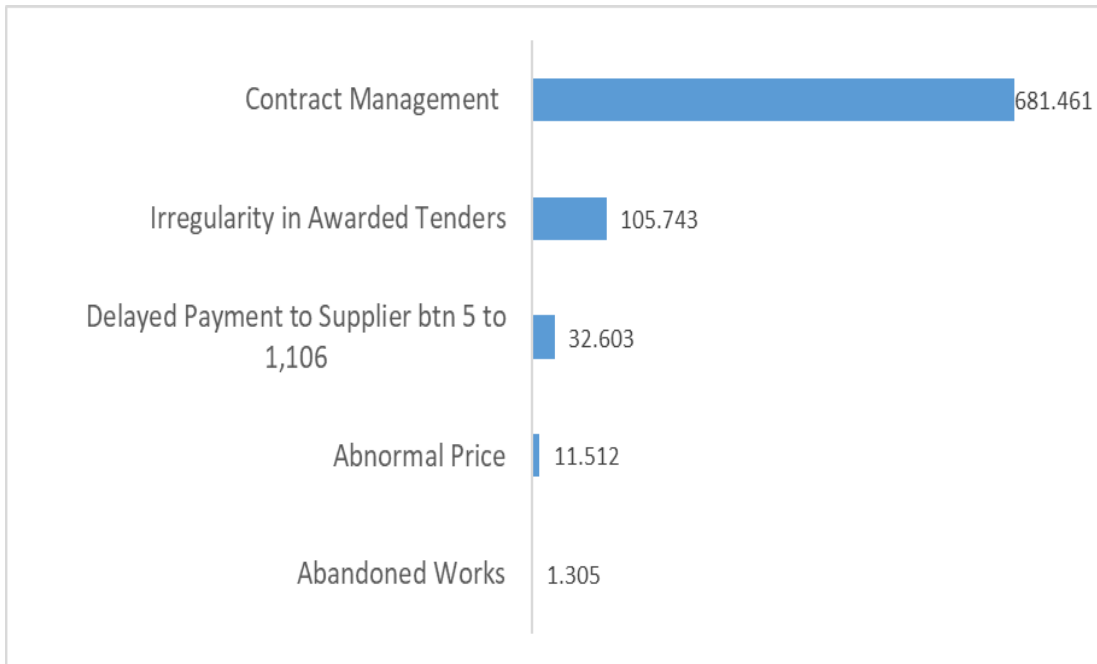
- The audit noted that during the year under review, the City of Kigali awarded two framework tenders worth Frw 11,379,000,907 whereas the total budget was Frw 2,186,838,240. This resulted in overall price increase of Frw 9,192,162,667 representing 420%.
- In September 2020, the City of Kigali (CoK) developed a concept note for the implementation of Kigali Infrastructure Project (KIP). The project came in as a solution of persistent increase in traffic congestion along major corridors resulting into long travel time and high vehicle operating cost to road users. The scope of the project initially was to construct 215.5 Km of new connector roads and upgraded major corridors to curb down traffic congestion in the City of Kigali. To overcome financing constraints resulting from the total budget required to construct 215.5 Km of roads vis-à-vis the annual budget allocated to the City of Kigali, it was resolved that a partnership with Crystal Ventures Limited (CVL) be conceived in form of a pre-financing arrangement. It is in this regards that on 05 October 2020, a 10 years Memorandum of Understanding (MoU) on the pre-

financing arrangement worth USD 404,725,673 VAT exclusive equivalent to Frw 387,716,631,394 (using the average exchange rate of 957.9739 on the date of MoU signature) was signed between the City of Kigali and Crystal Ventures Limited (CVL). The review of implementation of the above project revealed the following concerns: 1 Slow pace of implementation of Kigali Infrastructure Project raising red flag of project stoppage due to project funding issues; Delay noted on completion of study and design of different road sections of Kigali infrastructures project; Persistent failure to provide a work plan schedule/roadmap indicating each phase timeframe for the implementation of the project; Concerns on the implementation of KIP funding arrangements; Unrepaired snags at KIP completed roads constructed in Phase I.

- For year ended 30 June 2024, Gakenke District awarded 5 contracts worth Frw 3,221,034,293 to 4 bidders. However, during review of minutes of contracts negotiations, the audit noted that district legal advisor was not part of these negotiations.
- It was noted that a tender worth Frw 1,379,836,352 awarded at very low prices than the estimated/budgeted cost of Frw 5,500,000,000 in the procurement plan, hence an over estimation of tender cost by Frw 4,120,163,648 representing (299%). No basis provided for the estimated costs for tenders to be awarded as captured in the annual procurement plan.

Regarding weakness per procurement phase abnormal price, irregularities in awarding tenders, delayed payment for contractors/suppliers and contract management continued to be reported by audit. The weak contract management continued to affect the performance and service delivery of procuring entities. The largest part of this amount refers to non-compliance to laws and procedure where for example audit findings informed that procuring some entities failed to seek legal opinion from the legal advisor in the signing contracts.

Figure 8: Most of Procurement weaknesses and their Value per procurement process (in billion FRW)

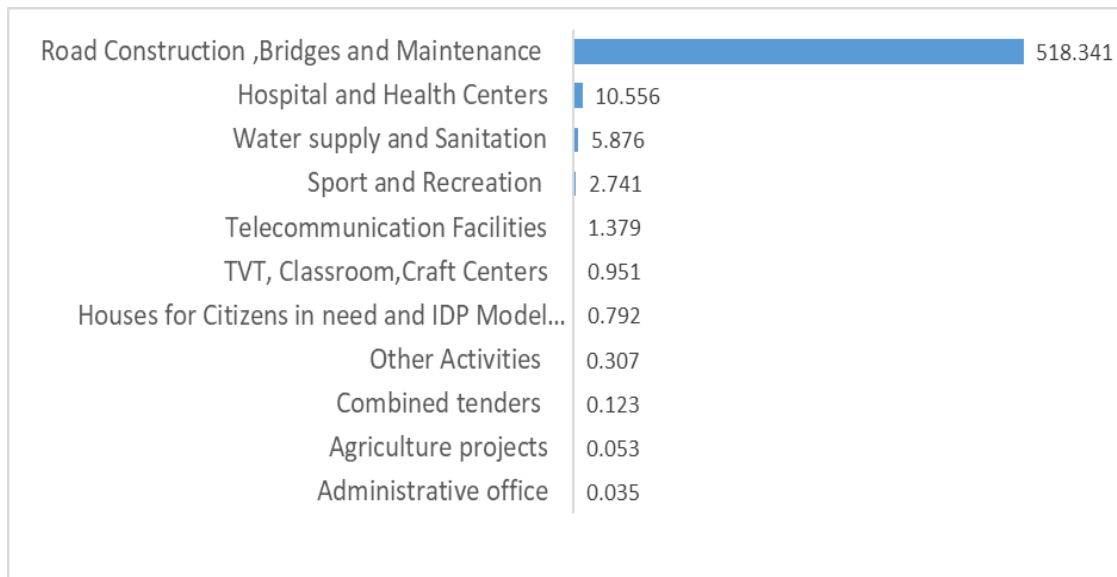


Source: Data from OAG's Report of State Finances (Financial Year 2023-24)

4.6.1. Delays in contract execution

The respecting execution period in the implementation of contracts remained a key challenge for achieving an effective PFM in local government entities. Delays to performance-planned projects pose huge negative effects on the livelihood of beneficiaries and their socio-economic condition. This part underlines most procurement weaknesses faced by districts. A significant number of projects reported with delays for implementation as per figure below. The poor time and project management and unavailability of funds led to the long delay of project implementation or abandonment in local government entities.

Figure 9:Delayed contract in the contract Management by project type (in billion FRW)



Source: Data from OAG's Report of State Finances (Financial Year 2023-24)

Based on key findings related to the public procurement issues above presented, most delayed projects are ones of construction and maintenance roads, health centers, modern and cross border market, water supply projects. It is obvious to confirm that the delay of the above projects has negatively affected socio-economic conditions of beneficiaries. Imagine at which extent local community suffering from lack of health facilities near them as well, as how lack of roads affects them. The same lack of clean water is an indicator of poor living conditions.

Abebit (2013) revealed that most causes of delay of project implementation is ineffective planning and scheduling by owners, tight conditions for funds disbursement, shortage of equity contribution, limited capacities to identify and mitigate risks as well as manage them.

During focus group discussions, district staff mentioned that delays in project implementation often led to increased costs, e.g., due to extended supervision periods and the loss of value of money. For them, the main cause of long delays is inability of some contractors to honour their contracts despite sufficient evidence for their capacities provided during the bidding process. PFM staff added that some contractors charge very low price and commit that they will implement the project but later you find them failing and delaying implementation of planned activities.

4.7. Delayed Payments and Transfers (Payments in procurement excluded)

Audit reported that delayed payments and transfers decreased from FRW 34.416 billion in 2022-23 to FRW 10.322 billion in FY2023-24. This year audit reported 16 districts with delay in transferring funds for nutrition sensitive direct support, capitation grant and school feeding to beneficiaries. Delays in these transfers may thus be very harmful to beneficiaries and seriously put their livelihood in risks. Transfers to schools are supposed to be disbursed on quarterly basis to ensure school operations are smoothly running, and provide feeding to students with the goal of fighting malnutrition among children.

This report informed that number of delayed days to transfer cash to beneficiaries has massively increased from between 6 and 300 in 2023-24, which has reduced compared to the previous years.

At local level, they attributed the delayed transfers to the tardy approval of students' lists by the Ministry of Education (MINEDUC) thus this audit finding should be attributed to the institution that has delayed the process of transferring cash, to the district if it has delayed to provide the list of students.

Regarding the NSDS, audit noted the recurrent issue of stock out of milk for the children in some districts. This issue needs a particular attention and joint effort to see how this program can achieve intended objectives. The table below provides more details on affected districts, the trends of monetary value and number of delayed days.

The other audit finding that policymakers have to address is about delay payment of mission allowance to staff in local government that continue to delay. This year audit reported 25 district affected by this weakness.

Table 16:Delays in transfer (DS, NSDS, and Capitation and School Feeding grants) per District

#	District	FY-2023-24		FY-2022-23		FY-2021-22		FY-2020-21		FY2019-20	
		Delay (days)	Amount (FRW)	Delay (days)	Amount (FRW)	Delay (days)	Amount (FRW)	Delay (days)	Amount (FRW)	Delay (days)	Amount (FRW)
1	Bugesera	6-101	1,007,973,870	8-165	4,263,998,500	6-124	221,803,003	"7-21	4,095,446	57-69	144,250,610
2	Burera	7-74	693,333,000	16-144	3,211,197,115	54-193	67,436,120	10-720	693,028,435	8-108	542,900,578
3	City of Kigali			8-59	13,309,609,633						
4	Gakenke	12-81	583,235,200	2030-228	143,134,849	"7-1846	261,738,549	1221-147	143,134,849	26-63	675,729,453
5	Gasabo									30	227,481,600
6	Gatsibo									10-141	1,815,369,650
7	Gicumbi					52-121	584,510,200	72-142	143,134,849	36-49	571,911,663
8	Gisagara	7-13	191,585,000			"4-114	2,584,033,965	24-122	614,051,258	30	42,527,721
9	Huye			80-478	545,165,550	"5-164	1,091,736,853	35-47	407,329,110	90-105	382,729,774
10	Kamonyi									20-121	602,211,422
11	Karongi					34-110	458,555,250	34-82	570,668,883	6-32	565,930,223
12	Kayonza			5-39	2,930,637,406	51-87	352,969,500	13-79	255,022,837	5-83	524,746,970
13	Kicukiro									10-49	288,428,335
14	Kirehe	35-49	197,106,400			14-1898	2,219,075,400			31-123	308,016,052
15	Muhanga					32-151	762,640,022	17-196	245,612,250	25-66	462,055,937
16	Musanze	34-36	289,793,450			18-759	76,739,136			3-68	481,654,975
17	Ngoma	7-46	184,315,156			"4-83	1,436,077,180	21	212,500,202		
18	Ngororero	13-43	585,287,573			"10-79	398,426,058				
19	Nyabihu	72-161	392,518,550	8-52	1,398,707,203	"7-89	1,566,506,692	13-34	281,952,184	11-141	513,023,564
20	Nyagatare							"7-72	499,457,744	1-28	607,938,258
21	Nyamagabe	7-15	193,750,400			"10-81	713,342,300			24-109	804,069,399
22	Nyamasheke	9-13	230,373,500	7-79	1,124,268,779	30-121	513,994,300			32-121	600,715,402
23	Nyanza			9-52	1,171,591,651	44-1825	50,363,227			37-83	711,712,932
24	Nyarugenge									3-43	164,551,800
25	Nyaruguru	9-35	227,991,000			45-221	830,784,875	48-127	974,978,952	16-29	381,372,898
26	Rubavu			33-59	3,782,464,954	18-71	1,208,553,680	14-53	578,299,883	3-70	555,813,922
27	Ruhango			80-127	537,173,691					35-138	11,102,218
28	Rulindo	300	286,516					3-244	510,385,082	12-139	119,600,493
29	Rusizi	8-55	36,574,748	9-43	1,998,361,297			3-244	783,354,500	29-32	244,394,740
30	Rutsiro	12-106	2,755,329,020			"87	744,482,900			29-51	472,530,693
31	Rwamagana	8-97	2,752,859,753							31-41	430,412,315
	Total		10,322,313,136		34,416,310,628		16,143,769,210		6,917,006,464		13,253,183,597

Data from OAG's Report of State Finances (Financial Year 2019-23)

For example, in

- Burera district audit noted a delay of 7 to 74 days in payment of NSDS amounting to Frw 693,333,000 to designated beneficiaries.
- In Rulindo district audit noted that no payment to 381 expropriated persons for the project of construction of Nyacyonga- Mukoto Road by RTDA amount worth Frw 612,507,765 on 26/09/2024. Up to the time of audit in March 2025, there was no evidence to prove that payment to those beneficiaries.
- In Bugesera the audit noted that they were delays in the transfer of funds totaling to Frw 164,327,000 to the beneficiaries for Different months ranging between 5 and 38 days.
- In Gicumbi district, the audit noted that staff mission allowance amounting to Frw 119,226,131 not paid with a delay ranging between 70 and 189 days.

4.8. Monitoring of Audit Recommendations

This fiscal year audit reported a total number of audit recommendations 1,615(2022-2023) compared to 1,522 in FY 2021-22) compared to 27 districts and City of Kigali. Since the audit of local government entities started in Rwanda, it is the first time audit reported 19 district implemented received audit recommendation at least at 70%. Similarly, it is the first time to have only two districts implemented audit recommendation below 60%. The special consideration of not applicable and recommendations beyond management control are among the factors that led to high implementation rate of audit recommendation in general. It is very important that policy and decision-makers to improve PFM tools and addressing identified challenges to achieve effective PFM at local level.

Considering only recommendations possible to implement, the average of level of full implementation of audit recommendations 71% for fiscal year 2023-24 opposed to 57.16%last fiscal year for local administration entities and City of Kigali. It is very important to commend effort made by 7districts namely Nyaruguru, Huye, Rwamagana, Karongi,Bugesera, Kayonza and Gakenke that fully implemented received recommendations at least at 80% and 11 districts with at least 70% of level of implementation. During the previous focus group discussions, PFM staff in consulted districts mentioned that they still facing the issue of being requested to implement audit recommendations that they are not able to implement not simply they are not willing or able to implement them but because those audit recommendations, they are beyond of their control or not really for their responsibilities. For example, “delays of capitation grants and school feeding due to the delayed disbursement while request was done on time, this should not qualify district audit report. The audit recommendation should go to MINEDUC or MINECOFIN. The same case also applies to the issues related to the late payment for suppliers of seeds and fertilizers as well the delays of supplying them that could be reported to MINAGRI that is managing this contract. PFM staff said”. Some districts and the City of Kigali have continued to implement audit recommendations inconsistently over the last five fiscal years, as shown in the table below.

Table 17: Implementation of audit recommendations per District

No	District	FY 2022-23	FY 2021-22	FY 2020-21	FY 2019-20	FY 2018-19
1	Nyaruguru	92%	85%	79%	62%	51%
2	Huye	92%	82%	85%	68%	71%
3	Rwamagana	83%	83%	79%	36%	69%
4	Karongi	81%	79%	64%	37%	42%
5	Bugesera	81%	72%	65%	61%	64%
6	Kayonza	81%	59%	65%	49%	41%
7	Gakenke	80%	63%	36%	42%	47%
8	Muhanga	79%	65%	67%	57%	61%
9	Gicumbi	79%	60%	62%	68%	49%
10	Rubavu	78%	67%	68%	63%	49%
11	Burera	75%	60%	72%	57%	37%
12	Nyamagabe	74%	72%	51%	16%	55%
13	Ruhango	74%	70%	63%	57%	43%
14	Rulindo	74%	70%	63%	66%	26%
15	Rutsiro	73%	72%	47%	63%	40%
16	Gisagara	73%	64%	77%	48%	60%
17	Rusizi	70%	63%	70%	60%	61%
18	Nyabihu	70%	61%	73%	38%	60%
19	Gatsibo	70%	43%	67%	52%	40%
20	Nyagatare	69%	70%	62%	49%	19%
21	Ngororero	69%	67%	61%	61%	47%
22	Kirehe	69%	61%	67%	48%	65%
23	Nyanza	67%	64%	69%	67%	65%
24	Musanze	65%	71%	69%	35%	43%
25	Kamonyi	63%	62%	51%	53%	63%
26	Nyamasheke	61%	63%	67%	65%	71%
27	City of Kigali	51%	60%	52%	35%	58%
28	Ngoma	47%	46%	63%	60%	49%

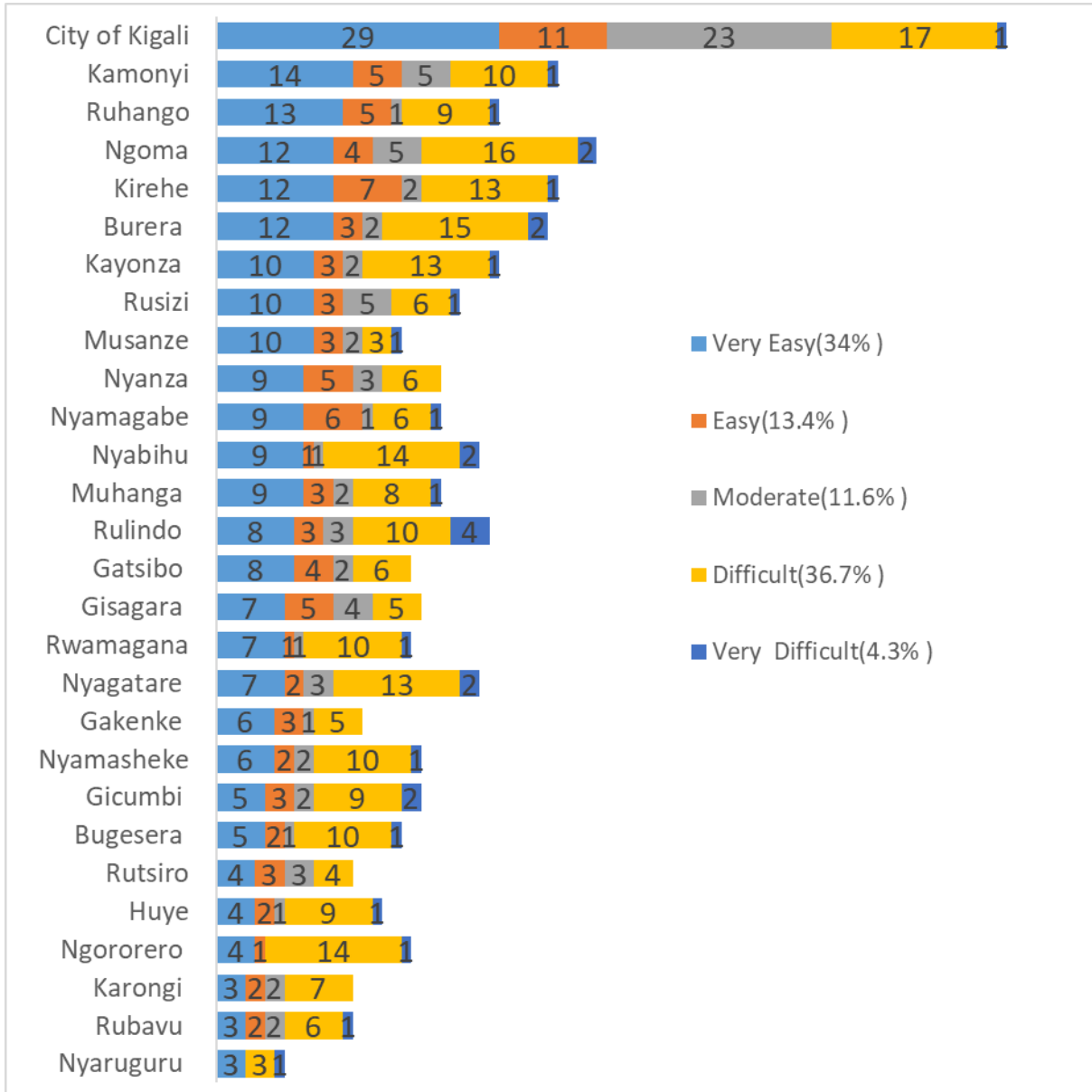
Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2018-24)

Based on the results from the analysis conducted in last fiscal years revealed that the level of fully implemented audit recommendations should not be only measured by the proportion of fully implemented recommendations alone due to the following two reasons. (i) The number of recommendations issued by the auditors differs significantly between the districts; (ii) the complexity of the recommendations strongly varies depending on how difficult they are for implementation.

This fiscal year, not fully implemented recommendations for all districts and City of Kigali were analysed as follows: 34% were very easy, 13.4% of easy audit recommendations means that 47.4% of received audit recommendations were easily to implement. Audit recommendations that required moderate resources and skills were at 11.6% and difficult recommendations represented 36.7% and very difficult

recommendations were 4.3% of total recommendations as per below figure shows the total number of recommendations issued per decentralized entity and their difficulty level.

Figure 10: Number and Level of difficulty of recommendations not fully implemented per District



Source: Data compiled from OAG audit reports of the 27 Districts and the City of Kigali (2023-24)

The number of recommendations per District varies from 36 to 138 during the fiscal year 2023-2024. For this analysis, 28 and 22 entities including City of Kigali have all received difficult and very difficult audit recommendations. Additionally, it is important to note that districts are still facing recommendations that are very hard to implement. Though recorded significant progress in implementation of audit recommendation as result of different initiatives and intervention from government and stakeholders, there is a need to design how to address recommendations from joint projects or projects implemented by central government at district level. Additionally, it is important to take actions in addressing recurrent PFM issues such as recommendations related to VUP-Financial services, biogas, seeds and fertilizers, CHW, capitation grants and school feeding among others.

5. RECOMMENDED ACTIONS TO IMPROVE PFM AT LOCAL LEVEL

This fiscal year, districts and institutions at central Government level that implement their projects at local must work closely to increase the level of compliance, and value for money, which is at low level compared to the set targets in NST2. High level of Compliance in public Procurement should be enabled and encouraged.

1. **Districts and CoK** should put in place appropriate and consistent strategies that can help them to reduce number of wasteful expenditures. Especially loss of court cases.
2. **Districts and CoK** should put more efforts in feasibility studies that inform their investment decisions in order to reduce and avoid the idle assets, nonperforming investment, losses that have continuously reported by the OAG.
3. **Districts, CoK and Central government Institutions** need to make a proper plan to avoid long delays of expropriation during the construction of facilities for public interest as auditors have reported this issue many times.
4. **Districts and CoK** need to timely prepare list of capitation and school feeding grants and make follow up of the disbursement in order to ensure the proper operation of schools.
5. **MINALOC and RALGA** should further strengthen peer review and learning between Districts to promote effective PFM. Particularly in the domain of public procurement and implementation of audit recommendations.
6. **RPPA and partners** should continuously work together to promote the compliance in public procurement process with particular focus on contract management, market survey and validation of feasibility studies.
7. **MINECOFIN, MINALOC, LODA and MININFRA** should strongly support Districts in carrying out high quality in-depth feasibility studies for infrastructure projects to evaluate the needs and ensuring sustainability of projects and investment appraisal.
8. **Anti-corruption institutions and RPPA** should promote preventive monitoring and Regulatory interventions especially in procurement of big projects to avoid losses.

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