



RP

RWANDA POLYTECHNIC



FINANCE MANAGEMENT PROCEDURAL MANUAL

Kigali

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PART I. INTRODUCTION

1.1. BACKGROUND AND LEGAL MANDATE OF RP

Rwanda polytechnic (RP) was established in 2017 by the law N° 22/2017 of 30/05/2017 as a **public higher learning Institution with a legal personality** that enjoys administrative, teaching, research and financial autonomy and it is managed in accordance with relevant laws. RP is mainly composed of RTTI, HMI and 8 colleges commonly known as IPRCs of Kigali, Kitabi, Karongi, Ngoma, Gishari, Tumba, Musanze and Huye.

The RP Finance Management Manual has been developed to provide guidance on the wise use and mobilization of resources for Rwanda Polytechnics and all its constituent colleges, institutes, centers, programs. The manual is mainly composed of Six parts including General introduction, Finance management, Procurement, Investment, Accounting and financial reporting procedures, and Internal audit and controls. The development of each of the above manual components, referred to the existing national laws, Presidential orders, Ministerial orders, best practices from other professional bodies as well as the aligning them to the operational requirements, needs and aspirations of Rwanda polytechnic.

1.2. VISION:

The vision of RP is to provide quality education that complies with applicable standards through vocational education that enables beneficiary to acquire skills required to create jobs and compete in the labour market.

1.3. MISSION:

RP has the following main mission:

- i. To prepare technical and vocational education curricula for their use at various technical and vocational training levels and submit them to the competent authority for approval.
- ii. To offer technical and vocational courses leading to certificate or diploma.
- iii. To provide science- and technology-based technical and vocational training as well as education which enable the beneficiary to create jobs for personal development and contribute to national development.
- iv. To carry out and promote research and technology in technical and vocational fields and disseminate their findings to foster national development.
- v. To participate in the discovery, exchange, and preservation of knowledge in technical and vocational field.
- vi. To promote education, culture, and Rwandan values.
- vii. To impart knowledge required to provide technical and vocational education and apprenticeship training.
- viii. To offer in-service training to practitioners in various fields to develop their technical and vocational skills.
- ix. To coordinate programmes and activities aimed at developing teaching and research staff within institutions of technical and vocational education, upgrade their knowledge and skills capacities and improve their management.
- x. To contribute to finding solutions to other problems related to national development.



- xi. To cooperate and collaborate with other national, regional, or international institutions with similar mission to achieve its mission

1.4. BASIS OF PREPARATION OF THE MANUAL AND LIMITING CONDITIONS

The procedures laid out in this Finance management procedural Manual are in the line with the relevant public laws in place to manage the public funds effectively and efficiently such as:

- i. The organic law n° 12/2013/OL of 12/09/2013 on State Finances and Property.
- ii. The Ministerial Order N°001/16/10/TC of 26/01/2016 relating to Financial Regulations;
- iii. The Law modifying Law n° 38/2018 of 29/06/2018 determining the State finances for the 2018/2019 fiscal year.
- iv. The Law n°62/2018 of 25/08/2018 governing public procurement
- v. The Law n° 22/2017 of 30/05/2017 Establishing Rwanda Polytechnic Higher Learning Institution
- vi. The Manual of Public Financial Management (PFM) Policies and Procedures by the Ministry of Finance and Economic Planning (NINECOFIN).
- vii. National Investment Policy, 2017.
- viii. Law regulating companies in Rwanda

This manual is based also on the roles and functions of Rwanda Polytechnic and incorporates the users' views and suggestions that supplements and customizes the national financial management legal framework meant to address the dynamics involved in providing financial services towards teaching and learning process.

1.5. OBJECTIVES AND PURPOSES OF THE MANUAL

1.5.1. Objectives of the Manual

This Manual will ultimately enable the Rwanda polytechnic to effectively discharge its obligations under the regulatory framework. Specifically, it shall provide comprehensive guidance in relation to financial management and accounting policies, transactions, and reports. It will record and present in a single document, a basic guide of accounting policies and procedures to be adopted in the running and providing financial services to the institution while adhering to the principles of *Accountability, transparency, and responsibility*.

1.5.2. Purposes of the Manual

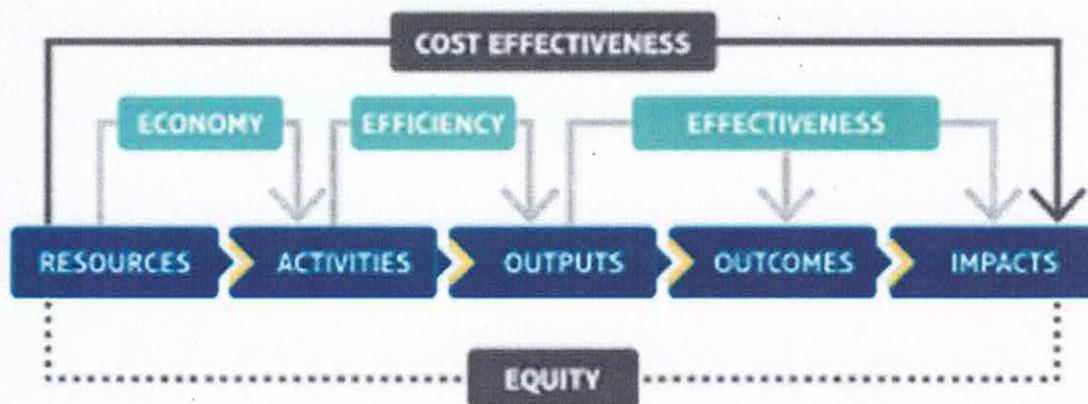
This manual must be used as a reference document by the Rwanda Polytechnic staff, auditors, consultants, Development partners and other relevant parties. It shall also be used in connection with training of the new staff of Rwanda Polytechnic in the public financial management.

This manual must be in conformity of the application of accounting policies and procedures in all Rwanda Polytechnic Units and all its affiliated or subsidiary/Colleges. It will be also a reference for transparent procedures of tender awarding within RP. Moreover, all activities should be in compliance



with the national law, policies and agreed with the international standards of accounting, auditing and financial management and reporting.

Borrowing from the value for money and Equity mode¹; this manual is developed with a motive to manage and mobilize Rwanda Polytechnic financial resources and create a favorable and contextualized environment for supporting educational programs at RP. The RP Financial resources management shall be carried out in respect of the following principles:



Economy: Looks at the degree to which inputs are being purchased in the right quantity and at the right price.

Efficiency: Considers how efficiently the project is delivering its outputs, considering the rate at which intervention inputs are converted to outputs and its cost-efficient

Effectiveness: Deals with the quality of the intervention's work by assessing the rate at which outputs are converted into outcomes and impacts, and the cost-effectiveness of this conversion.

Equity: Looks at the degree to which the results of the intervention are equitably distributed.

1.5.3. Scope of the Manual

This Manual document the financial management framework, accounting policies and regulations, accounting, and reporting procedures of Rwanda Polytechnic. It also provides guidelines and procedures for management systems and controls within RP. Generally, this manual refers to laws, regulations, policies, procedures, and guidelines regarding how revenues and expenditure, assets, debts and liabilities are managed in a manner that ensures a maximum level of operational efficiency and effectiveness.

1.5.4. Revision of the Manual

After finalization of this Manual, the Deputy Vice Chancellor Administration and Finance at Rwanda Polytechnic, upon approval by the board of Directors, will be directly responsible for additional amendments and/or updates to the Manual. The Board of Directors will ensure that amendments to

¹ Andrews, R. and Van de Walle, S., 2013. New public management and citizens' perceptions of local service efficiency, responsiveness, equity and effectiveness. Public Management Review, 15(5), pp.762-783.



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this Manual are properly authorized and controlled. However, all users may initiate improvements and changes.

PART II. FINANCIAL MANAGEMENT

2.1. INTRODUCTION

This part sets out the policies and procedures to be applied to strengthen public financial management systems in Rwanda Polytechnic. It covers essential elements applicable in the whole process of planning and budgeting; financial resources mobilization; expenditure management; asset management; debts and liabilities management.

2.2. PLANNING AND BUDGETING

2.2.1. Introduction

1. Planning and budgeting of Rwanda Polytechnic shall be carried out in accordance with the relevant legal and regulatory provisions of the government of Rwanda and where necessary in compliance with development partners' requirements.
2. The RP Financial management cycle shall be starting with planning and budgeting stage. This stage entails identification and prioritization of programs, projects, and activities to achieve optimum balance of needs with the available resources.
3. Rwanda Polytechnic planning and budgeting functions shall be complying with guidelines issued by the Ministry of Finance and Economic Planning (MINECOFIN)
4. Budgeting goes hand in hand with the planning process and deals with turning qualitative and quantitative plans in monetary terms. Budgeting quantifies the prioritized programs within a definite time and shows the Institution plan to mobilize revenues and how it intends to spend in accordance with objectives, needs and priorities.

2.2.2. Key planning tools at Rwanda Polytechnic

The hierarchy of Rwanda Polytechnic planning instruments shall range from the national longer-term VISION 2020- 2050 to the medium term (National Strategy for Transformation, NST-1), and be customized to both strategic and operation plans at institutional level. Thus, planning tools at Rwanda Polytechnic shall be entailing the following:

1. **VISION 2020 - 2050**- sets the longer-term perspective and objectives for the Government of Rwanda and therefore represents the overarching framework for all Government activities.
2. **National Strategy for transformation, (NST-1)/ Government 7-year programme** - This translates the vision into medium term strategic interventions. The NST-1 is based on in-depth participatory poverty assessments and growth trajectories crafted from broad consultation of a wide range of stakeholders including citizens, civil society, and private sector and development



partners among others. It coincides with the Government 7-year programme and provides key highlights and priorities to be implemented.

3. **Education Sector Strategic Plans (SSPs)** - The Education Sector Strategic Plan, spells out the broad orientations for the education sector based on national documents.
4. **Rwanda Polytechnic Strategic Plan** – The RP strategic plan highlights core activities to be carried out in long term in the light of achieving the designed mandate of teaching and learning of technical and vocational trainings aimed at equipping beneficiaries with practical knowledge and skills that enable them to create jobs for personal development and contribution to the national development.
5. **Annual Action Plan/Single Action Plan** – Rwanda Polytechnic prepares its single action plan on annual basis. Single Action Plan identifies activities to be carried out each year by RP head office and colleges. It informs the budgeting process and is finalized and adopted to ensure that it is in the line with MTEF (medium term economic framework) and the National Budget - as adopted by Parliament.

2.2.3. Action Plan and Budget preparation Process at Rwanda Polytechnic

Step 1: Identification of Rwanda Polytechnic priorities

Based on the Government of Rwanda priorities as set out in the Vision 2020-2050 and NST-1, Rwanda Polytechnic, after customizing the national priorities to its strategic plans and operations, it determines priorities from programs, colleges, and projects. The RP forecasting of revenues and expenditures shall be aligned to the identifies priorities.

Step 2: Preparation of Rwanda Polytechnic MTEF

The second step is the allocation of forecasted expenditures in the broad expenditure categories based on RP priorities and consistent with the country macroeconomic framework. From the budget ceiling limits allocated to MINEDUC, RP develop expenditures estimates on broad category basis. The RP MTEF is made of the forecasts for the current year's budget and the ones for the next two fiscal years.

Step 3: Action Plan and budget Preparation at Rwanda Polytechnic

Rwanda Polytechnic, in line with the priorities agreed upon during the planning consultations and within the indicative budget ceilings received in the second budget call circular, plans its expenditure allocations to programs and sub-programs in the MTEF for submission to MINECOFIN.

After receiving budget ceiling from MINEDUC, RP is required to immediately undertake consultative process with all affiliated colleges to agree on individual college ceilings that shall be the basis for the detailed budget estimates to be entered in the budget system (IFMIS).

The RP Budgets in the prescribed formats by MINECOFIN shall be submitted in the due time by Rwanda Polytechnic to assist the Ministry of Finance and Economic Planning in the preparation of the Finance Law.



Step 4. Budget revision

In the respect of Article 41 of the Organic Law and Article 20 of the Ministerial Order No. 001/16/10/TC of 26th/01/2016 relating to financial regulations, Rwanda polytechnic shall undertake revision of budget after six months of implementation.

The proposed changes shall be consistent with the approved medium-term strategies and budget framework; and if they are different from the approved budget framework, the reasons thereof shall be notified to and approved by the board of Directors of Rwanda Polytechnic.

Accordingly, the office of DVCAF is required to monitor closely the implementation of the Institution budget by keeping a close eye on issues that might require revision after six months of implementing the budget. These should be the issues that cannot be handled through budget re-allocation like information on project funds that has just been communicated by the donor, under-spending of a project that might require some adjustment in the procurement plan and thus budget revision.

2.2.4. Budget reallocations

The budget reallocation in Rwanda polytechnic shall be done on accordance with article 46 and 49 of the Organic Law n° 12/2013/0L of 12/09/2013 on State Finances and Property. Thus, budget reallocation shall be done as follow:

- a) Reallocation of funds from a sub item to another sub item within the same item and in the same program shall be allowed without any restrictions.
- b) Reallocation of funds from one budget item to another budget item within the same broad category of expenditure shall be allowed up to the maximum of 20% of the aggregate program approved budget on the source budget item.
- c) The reallocation of funds from one budget item to another within the same broad category of expenditure may be done as many times as necessary during executing the budget. However, during the fiscal year, the cumulative amount reallocated from the source budget item shall not exceed 20% of the aggregate program approved budget on the source budget item.
- d) The reallocation of funds between different budget lines of the same project other than lines related to government projects staff remuneration may be done as many times as necessary while executing the budget without restriction.
- e) However, Reallocation of funds between different projects or between budget lines funded by different donors is strictly prohibited.
- f) Any other reallocations that are contrary to the above and any exception may only be granted through a formal permission by MINECOFIN.



2.2.5. Planning and budgeting of training consumables and operational funds at RP

1. To improve management of training consumables in colleges for both in stock or in teaching process, the RP finance unit shall regularly organize meetings to plan and allocate budgets among the departments accordingly. The following shall always be considered when allocating consumable funds:
 - b. Each college shall have prepared a comprehensive list of items that will be used by each of its departments in the forthcoming trimester/semester.
 - c. All listed items should have estimated cost based on the previous allocated budget and current market survey.
 - d. All listed consumables with corresponding estimated budget should be approved at all levels of the college management i.e. starting from the departmental council meeting to the senior management meeting.
 - e. HODs shall prepare the list of all required training consumables, which shall be assessed and approved by the DPAT before submitting to the planning office.
 - f. Planning Specialist shall consolidate all Departments submissions and submit them to DAF who shall review them and submit to CSDM for approval.
 - g. CSDMs shall then submit the college planned consumables to the DVCAF for consideration and budget allocation.
 - h. The training operational budget shall always take into consideration the cost of internship supervision/students field visits.
 - i. Training consumables stock should always be separated from other stocks

2. For the operational funds, the CSDM office shall ensure that necessary information related to expected expenses in the forthcoming trimester/semester for running the college regular operations. The followings shall always be taken into consideration while allocating operational budgets:
 - a. Each office shall list of all the items needed in the forthcoming trimester/semester and that list shall always be reviewed and approved by the head of unit
 - b. Heads of unit shall consolidate list of items needed and submit to the planning specialist who shall make the college consolidated list of needed items
 - c. The college needed items shall be reviewed by DAF who shall submit it to the CSDM for approval
 - d. The college consolidated list of needed items shall always be presented in the college management meeting before being submitted to the DVCAF for consideration and approval.
 - e. Regular expenses for the college as whole i.e. Water, electricity, security, cleaning, insurance, etc. shall be planned and budgeted based on the previous bills and the current updates by related regulatory bodies.
 - f. Colleges shall always be required to justify any excessive variance in the utility related budget.



2.3. REVENUE MANAGEMENT

This section contains the policy provisions for the control of Rwanda Polytechnic revenues including the collection of revenues.

In general, revenue comprises gross inflows of economic benefits or service potential received and receivable by Rwanda Polytechnic, which represents an increase in net assets/ equity.

Rwanda Polytechnic Revenue means funds collected according to laws and regulations regulating their collection. It consists of sales of goods and services, various fees charged on service offered to students and in some cases other clients, revenue from estates and properties, investments and other miscellaneous revenues, grants from donors, refund received by Rwanda Polytechnic.

The revenue management part of this manual is made up of the following points:

- a) Policy statement
- b) Classes of revenue
- c) Accounting recognition for non-exchange transactions
- d) Accounting recognition for exchange transactions
- e) Accounting procedure and recognition
- f) Internal controls on revenue management

2.3.1. Policy statement at Rwanda Polytechnic

Revenue shall be accounted for on an accrual basis subject to the roadmap for the implementation of the accrual basis IPSAS. All revenue shall be banked intact and shall not be used to defray expenditure.

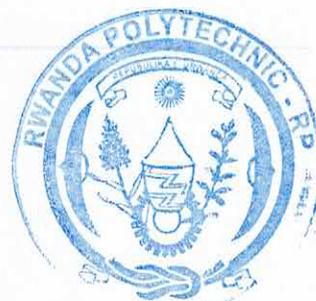
2.3.2. Classes of revenue at Rwanda Polytechnic

Rwanda Polytechnic revenue can be broadly classified under the following main categories of donor grants and treasury transfers, borrowings (Loans), sale of property and other revenues.

- a) **Grants and donations:** A grant may be a sum of money or services given for specific purposes. Usually, the money given can only be used for the intended purposes stated in the grant writing or application.

Donations are forms of gifts. They are voluntarily given without any requirements or strings attached, and it doesn't require anything in return. It's up to Rwanda Polytechnic to use what is given or may dispose of it when he or she does not need it. Rwanda Polytechnic may access grants from donors and budget transfers from Treasury. These grants and transfers shall be sub-categorized as follows:

- 1) Grants received from Foreign Governments.
- 2) Grants received from International Organizations; and
- 3) Grants received from other general Government units which includes Treasury Transfers, Inter-entity, and intra-entity transfers.
- 4) Donations



b) **Other revenues:** Rwanda Polytechnic may levy, charge and collect fees, or any other revenue:

- 1) Property Income.
- 2) Sales of goods and services.
- 3) Fines, penalties, and forfeits.
- 4) Voluntary transfers other than grants.
- 5) Grants from other individuals and local institutions; and
- 6) Miscellaneous and Unidentified Revenue.

c) **Sale of property:** Rwanda Polytechnic may receive revenue from sale of property

- 1) Disposal of tangible fixed assets.
- 2) Sale of Inventories.
- 3) Sale of Non-Produced Assets.
- 4) Agricultural produces and livestock

2.3.3. Accounting recognition for non-exchange revenue transactions

Subject to the implementation of the roadmap for the migration to accrual basis IPSAS, revenue from non-exchange transactions shall be recognized on a cash basis. This implies that transactions shall be recorded in the books of accounts when the cash and cash equivalent has been received.

Cash is considered as received when cash receipt is issued or deposit slip, cheque remittance advice and payment order remittance on the bank statement.

Ref	Type of revenue	Classification	Rationale
1	Grants and transfers	Non-exchange transaction	The Treasury transfers funds to Rwanda Polytechnic without expecting services or goods of equal value. Rwanda Polytechnic also can have transfer of funds between colleges and other public entities. The donors provide funds and assets without expecting a service in exchange.
2	Other revenue	Exchange transaction	Rwanda Polytechnic may charge fees in exchange for a service. Such includes school fees, consultancy fees, Rwanda Polytechnic may sell goods or offer services at a fee.
		Non-exchange transaction	Rwanda Polytechnic may levy and collect fines and penalties or any other revenue without an expectation to provide a service or goods of equal value.
3	Disposal of property	Exchange transaction	Rwanda Polytechnic may charge the market value for sale of property.



For direct cash transfer

Debit: Bank Account XXXX

Credit: Direct cash transfer XXXX

(Being recognition of direct transfer from Treasury)

For direct payment

Debit: Accounts Payable XXXX

Credit: Direct payments XXXX

(To extinguish the accounts payable generated when expenditure was incurred and recognize the direct payment made to the beneficiary by Treasury on behalf of Rwanda Polytechnic)

For indirect cash transfer

Debit: Bank XXXX

Credit: Inter-entity (specify sending entity) XXXX

(Being recognition of indirect cash transfer received from an entity through Treasury)

2.3.7. Accounting recognition for grants and donations

Grants and donations shall be recognized in the books of account when cash is received.

In case of grant/ donation in kind, such grants will be recorded upon receipt of the grant item and upon determination of the value.

The date of the transaction shall be the value date indicated on the payment advice. In circumstances where it is not possible to ascertain the value of the grant or the value is significantly below the fair value of the grant/ donation, appropriate disclosures shall be made in financial statements.

Where the grant/donation is denominated in foreign currency, the grant shall be translated using the average rate ruling at the value date indicated on the payment advice.

The following accounting entries shall be made in the books of account of Rwanda Polytechnic:

Cash Grants and donations

Upon receiving a payment advice from the donor Rwanda Polytechnic will use the value date to record the revenue as follows:

Debit: Bank account XXXX

Credit: Grant (classify if current or capital and if local or foreign) XXXX

Grants in form of direct execution (in kind) by donor

Upon receipt of goods or service by Rwanda Polytechnic

Debit: Expenditure which the donor has met XXXX

Credit: Grant XXXX

(Where financing modality is direct execution by the donor)



Grants in form of direct payment by the donor

The accounts payable was generated at the time of acknowledging the work done or service rendered as follows:

Debit: Appropriate expenditure item xxxx

Credit: Accounts Payables xxxx

(Where financing modality is direct payments that involve use of country systems by the donor)

Upon receipt of advice from donor that remittance has been made to the service provider

Debit: Accounts Payable xxxx

Credit: Grants xxxx

(To extinguish the accounts payable generated where expenditure was incurred and recognized awaiting direct settlement by the donor)

2.3.8. Other revenue from non-exchange transactions

Included in the category of Other Revenue is revenue from fines, penalties, and forfeits; voluntary transfers other than grants; and grants from other individuals

Accounting recognition for Other Revenue from non-exchange transactions

Other revenue from non-exchange revenue transactions shall be recognized in the books of account when cash is received.

Transactions of Other Revenue category shall be accounted in the books of account as follows:

Upon receipt of cash or other consideration

Debit: Bank account xxxx

Credit: Revenue sub-item as per SCoA xxxx

(Being recognition of other revenue)

2.3.9. Accounting recognition for exchange transactions

Exchange transactions and events includes:

- a) **The rendering of services;** This will include the provision accommodation to staff and students, consultancy services
- b) **The sale of goods;** this includes goods produced by Rwanda Polytechnic while teaching and learning, such as products and innovation projects from the learning workshops; publications; etc.
- c) **The use by others of Rwanda Polytechnic assets yielding interest, royalties and dividends or similar distributions.** This covers Interest (e.g. bank commissions received); Royalties (e.g. dividends) or similar distributions (e.g. equities)

Revenue from an exchange transaction is considered earned when the following conditions are met:

- a) Rwanda Polytechnic has transferred to the purchaser the significant risks and rewards of ownership of the goods.



- b) Rwanda Polytechnic retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
 - c) The amount of revenue can be measured reliably.
 - d) It is probable that the economic benefits or service potential associated with the transaction will flow to Rwanda Polytechnic.
 - e) The costs incurred or to be incurred in respect of the transaction can be measured reliably; and the stage of completion of the transaction at the reporting date can be measured reliably
- Revenue from exchange transactions shall be recognized when it is earned and not only when cash or its equivalent is received as follows:

- a) Invoice/Billing – where revenue is determined and accrued before cash is received
- b) Receipt Voucher – when revenue is determined and received cash.
- c) Valuation certificate and any other document as contained in the Financial Regulations/ Financial procedures/agreements/contracts/memorandum of understanding

Other Revenue from exchange transactions shall be accounted in the books of account as follows:

<u>When revenue is earned</u>	
Debit: Accounts Receivable – specific debtor	xxxxx
Credit: Other Revenue as per sub-items of SCoA <i>(Being recognition of Other Revenue earned)</i>	xxxxx
<u>When consideration is received</u>	
Debit: Bank	xxxxx
Credit: Accounts Receivable – specific debtor <i>(Being settlement of accounts receivable)</i>	xxxxx
<i>Receivable Functionality under the Receipt Module in IFMIS to be used with the system generating the accounting entries automatically.</i>	

Illustration: “Tuition fees Revenue” from exchange transaction

Rwanda Polytechnic admitted a student named Kamana Charles to undertake a course in Renewable Energy at IPRC Tumba. The fee was Frw 600,000 per semester payable at the commencement of the course. The 1st semester of the course commenced on 1st March 2021. Kamana Charles paid the full fee on 20th April 2021.

In the books of Rwanda Polytechnic- IPRC Tumba to recognize fee for 1st semester

1st Mar 2021: **Debit:** Accounts receivable - Kamana Charles 600,000
Credit: Tuition fees 600,000 *(Being recognition of fee payable by Kamana Charles for 1st semester)*

In the books of Rwanda Polytechnic-IPRC Tumba to recognize receipt of fee

20th April 2021: **Debit:** Bank 600,000 **Credit:** Accounts receivable – Kamana Charles 600,000
(Being recognition of fees paid by Kamana Charles for 1st semester)



Revenue from disposal of assets

Disposal of assets is considered as an exchange revenue transaction and shall be recognized in the books of account when the sale occurs regardless of the time the consideration is received. However, once Rwanda Polytechnic implements the accrual basis IPSAS, the accounting for disposal of assets transactions shall comply with IPSAS 17: 'Property Plant and Equipment' in which case disposal of assets shall be treated as a reduction of asset balances and the associated gain or loss is recognized in the statement of financial performance.

The disposal of asset categories includes Disposal of tangible fixed assets; Sale of Inventories; Sale of Non-Produced Assets; and Sale of Financial Assets.

The materials fabricated from students' practical works fall under this category. These materials are sold by observing the guidelines on public assets disposal.

Disposal of assets shall be accounted for in the books of accounts as follows:

When sale occurs

Debit: Accounts Receivable – specific debtor xxxxx

Credit: Proceeds from disposal of assets as per sub-items of

SCoA xxxxx

(Being recognition of disposal of assets)

When consideration is received

Debit: Bank xxxxx

Credit: Accounts Receivable –xxxxxx
specific debtor

(Being settlement of accounts receivable)

Recording of advance payments received from exchange transactions

When advance payments are made for the period after the current financial year then the full amount received is credited to the deferred revenue account and the funds received debited to the cash/bank account. If the payment involves an amount for the current financial year, then the amount shall be split between what is due for the current financial year and the amount which is yet to be earned is after the current financial year.

The accounting entries for advance payments shall be raised as follows:

Debit: Cash/bank

Credit: Exchange revenue – component relating to current FY (Statement of Financial Performance)

Credit: Deferred exchange revenue - component relating to subsequent FYs (Statement of Financial Position)

(Being advance payments received in respect exchange revenue transaction)



Once Rwanda Polytechnic earns the revenue which was deferred in the prior period to the current reporting period, a transfer of revenue is made from the deferred revenue account to the revenue account, with the following accounting entries:

Debit: Deferred exchange revenue

Credit: Revenue from Exchange transaction *(Being the reduction of the deferred revenue amount and recognising the revenue earned.)*

If pre-paid rent has a condition which if not fulfilled, the amount received must be refunded, and then the revenue shall only be recognized upon fulfilment of the condition in line with the provisions above.

Recording of bad debts from exchange revenue transactions

Where Rwanda Polytechnic has valid grounds that an exchange revenue transaction previously recorded as an accounts receivable is not collectible and after obtaining the necessary approval from the relevant authorities the amount is written off, the following accounting entries will be raised to recognize a bad debts expense and reduce the accounts receivable.

Debit: Bad debts expense

Credit: Accounts receivable from exchange transaction
(Being actual write off of bad debts.)

When an accounts receivable previously written off is unexpectedly settled, the amount received shall be debited to the cash/ bank account and the corresponding credit posted to “Other Revenues” account as follows.

Debit: Cash/Bank

Credit: Other revenues

(Being recovery of amounts previously written off.)

2.3.10. Internal controls on revenue management and reporting

It is important that Rwanda Polytechnic puts in place mechanisms that ensure the following internal controls relating to revenue are working in proper manner:

A. Collecting revenues

The following controls shall be applied in the collection process of revenue at Rwanda Polytechnic:

- i. Revenue should be collected by a qualified and competent officer who is authorized in writing by the Chief Budget Manager.
- ii. In acknowledgement of revenue collection, a revenue collector is required to issue an official receipt. The receipt is prepared in triplicate unless for circumstances where revenue collection systems have been used.
- iii. The receipt shall show at least the following: Date; Name and type of Revenue; Receipt No.; Amount and Payer. It is this receipt that shall be used for bookkeeping entries.



- iv. The collections must be promptly recorded in the RP cashbook indicating the administrative unit from which the revenue has been collected.
- v. Procedure of capturing revenue using the IFMIS Revenue Management Module is contained in the User Manual for IFMIS.
- vi. The revenues must be fully reported in the prescribed monthly financial statements of Rwanda Polytechnic
- vii. The stock of receipt books should be controlled, and a new receipt book should not be issued to the revenue officer until the previous receipt book has been accounted for.
- viii. The storekeeper should only issue receipts on presentation of the used receipt books.
- ix. A requisition for a new receipt book should be approved by the Director of Administration and Finance at the college level. This should be accompanied with a reconciliation report comparing the revenue collected in the previous receipt book and the associated bank deposit slips.

B. Banking revenues

- i Rwanda polytechnic shall not at any case receive cash from its stakeholders rather all receipts are banked, and the bank deposit receipt/ pay-in-slip for all bank deposits should be kept.
- ii Rwanda polytechnic should collect the revenue before providing the required transaction or service, where this is possible. It is not allowed to offer goods and services or complete a transaction unless the full amount has been collected, except for credit revenues.
- iii Rwanda polytechnic should take the necessary action to ensure the collection of due revenues, with a written reminder in case a credit customer fails to settle his/her debts within the period specified in the relevant agreements/ memorandum of Understandings (MoUs)/Contracts
- iv Revenue should be recorded to the appropriate codes assigned in accordance with the standard chart of account classification.
- v It is not permissible to use part of the revenue collected to incur expenditure
- vi All revenues collected via accounts opened in the commercial banks shall be transferred to central bank accounts opened in the central Bank (BNR) on regular basis. Three months period shall be considered as a reasonable maximum period for this regular transfer.

C. Recording revenue transactions

Recording of RP revenue transactions shall be done in a manner that attains maximum level of control; the following controls shall apply for recording of revenue in IFMIS:

- i There should be segregation of duties of receiving, recording revenue and preparing the bank reconciliation statements. For instance, while the revenue collector is charged with collecting and recording, the same officer should not be responsible for preparing bank reconciliation statements for revenue bank accounts.
- ii Revenue should be recorded in IFMIS as per the classification provided in the current Standard Chart of Accounts.
- iii To ensure that the accounts receivables are properly itemized and correctly recorded in the financial statements, Rwanda Polytechnic shall reconcile the accounts receivable sub-ledger reports with the general ledger transactions and where discrepancies are identified they should



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be investigated and resolved before any periodical closure and submission of an entity accounts.

- iv Reference shall be made to the IFMIS user manual for the detailed procedures of recording revenue through the system.

D. Refunds of revenue

Refunds of revenue may become necessary because of collections or over-collections made in error or because, although properly collected in accordance with an Act or regulation, provision exists under the Act or regulation for the revenue to be reclaimed under certain circumstances in the form of a rebate or drawback. The following procedures and controls shall apply while refunding revenue:

- i. Where the collection, over-collection or drawback is made in the same financial year as that in which the revenue was originally collected by error or more than required amount should deduct/adjust the amount refunded to customers from the revenues collected during the current year by debiting the original revenue item.
- ii. Where the refund relates to revenue collected in previous years, such should be provided for under an expenditure item adopted by Rwanda polytechnic Board of Directors so that it is paid from the budget of the current year. In this regard, the estimates of refunds of revenue shall include assumptions underpinning the refund estimates.
- iii. While refunding revenue, care should be taken to ensure that revenue being refunded was actually received by Rwanda Polytechnic.
- iv. Rwanda Polytechnic should get back the receipt voucher from the customer and stamp revenue transaction vouchers and all copies of the receipt with the word “CANCELLED”.
- v. Rwanda Polytechnic should file revenue transaction documents relating to revenue refund in a specific file and keep all cancelled receipts in the receipt book or ensure there is a clear audit trail of cancelled receipts in case of receipts issued electronically.
- vi. By the time to effect the revenue refund, if the bank details and other needful information of the beneficiary is not provided (for instance the refund of caution money to a graduated student), Rwanda Polytechnic shall exercise all required effort to contact the beneficiary including making announcement on Public media, if it happens that the beneficiary does not provide the needful information within 2 years, this revenue should be treated as other revenue upon approval of the Board of Directors.



AB

2.4. EXPENDITURE MANAGEMENT

After the approval of the budget, Rwanda Polytechnic have the authority to make payments and implement the approved budget.

The finance department of Rwanda Polytechnic is responsible for making the initial budget implementation activities by ensuring the relevant accounting system is well set up and the budget is loaded in the system for the new financial year before making payments.

2.4.1. Policy statement

- i Any contract for goods and services, and commitment for purchase of goods and services outside approved budget, approved procurement plan and approved expenditure plan shall be in contravention of the Organic Law on State Finances and Property and the Ministerial Order No. 001/16/10/TC of 26/01/2016 relating to financial regulations and shall be considered ineligible.
- ii No payment shall be made without adequate supporting documents. Supporting documents for expenditure shall include tender documents, Purchase Orders, contractual documents, delivery notes, Goods Received notes, Invoices, Payment vouchers/orders, petty cash voucher, payroll list, payroll change documents, or any other supporting documents as may be required.

2.4.2. Supporting documents required to effect expenditure payments at Rwanda Polytechnic

Chief Budget Manager and any other authorized officer shall ensure the following while verifying the different categories of payments:

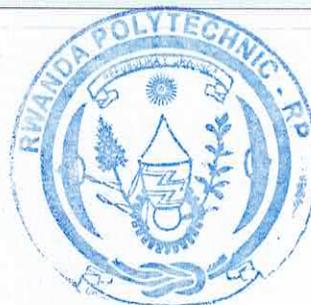
A. Goods and Services

i. *Payment Order*

Attach copies of original Payment orders
Attach copies of Note a l'OT
The Purchase Order presented should be signed by the supplier
Signatures on Ops should match with that one on the specimen
Acting Appointment (Interim letter) should be attached
Budget lines used should be related to the committed expenditure
Penalties should be well calculated (if applicable)
The bank account (RRA) for penalties should be correct
Payment Currency used should be in line with the contract obligations
3% or 15% WHT Bank account should be correct VAT calculated should be correct
VAT Bank account should be related to the applied VAT remittances
3 % or 15% WHT calculated should be correct
1 % or 15% WHT Bank account should be correct

ii. *Invoice*

Provide copies of original invoices (number to be determined by treasury)
Invoice amount should match with the OP amount.
Invoice should be duly approved by the Budget entity



B

Advance on contract should not be greater than 20%
Advance guarantee should be provided
Performance security guarantee should be provided
Amount of Performance security Guarantee should be calculated correctly.
Approved supervisor's report on service/work done should be attached
No ineligible advance
Quitus fiscal should be attached
Performance Guarantee period matches contract period
Any other document as may be deemed necessary
Invoice Acknowledgement receipt from the system
Supplier's account number on Invoice is consistent related to the account on OP and the same as that one in the contract.

iii. *Delivery and Goods Received Note*

Original Good Received Note from the system should be attached
Original Delivery note should be attached
Items on Invoice are consistent with items on Delivery note & Goods Received Note

iv. *Contract*

Contract signed by both parties
Contract amount should be related to that one in Bid Evaluation or clearly supported
Payment modalities should be clear in the contract
Supplier's Bank account number in the contract should be the same as the one on the payment order & Note a l'OT
Contract duration
Contract administrator/Manager
Arbitration to settle disputes
Sub contract not eligible for advance
Sub contract invoice is not acceptable
Addendum amount should not exceed 20% of the contract
Any other consideration as may be necessary

v. *Tender documents*

Advertisement of the tender in the newspaper should be attached
Tender minutes should be provided
Tender evaluation report should be provided
Successful and Unsuccessful bidders' notifications are provided
Provisional Notification letter should be provided
Final Notification letter should be provided
Amount of tender evaluation report is consistent with amount on notifications and Contract
Add any other document where necessary



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B. Works

i. Payment order – ensure to check

Attach copies of original Payment orders
Attach copies of Note a l'OT
The Purchase Order presented should be signed by the supplier
Signatures on OPs should match with the specimen signatures
Acting Appointment (Interim letter) should be attached
Budget lines used should be related to the committed expenditure
Penalties should be well calculated (if applicable)
The bank account (RRA) for penalties should be correct
Payment Currency used should be in line with the contractual obligations
VAT calculated should be correct
VAT Bank account should be related to the applied VAT remittances
3 % or 15% WHT calculated should be correct
3 % or 15% WHT Bank account should be correct
Provide 3 copies of original invoices
Invoice amount should match with the OP amount
Payment modalities should be clear about advance recovery on the Invoice
Invoice should be duly approved by the Budget entity
Invoice Acknowledgement receipt from the system should be attached
Supplier's account number on Invoice is consistent related to the account on OP and the same as that one in the contract.
Payment progress Report should be provided (where necessary)
Advance on contract should not be greater than 20%
Advance guarantee should be provided
Performance security guarantee should be provided
Amount of Performance security Guarantee should be calculated correctly.
Approved supervisor's report on service/work done should be attached
Ineligible advance not acceptable
Quituz fiscal should be attached
Performance Guarantee period should match with contract period
Certificate of works completed should be attached
Supervision report on work done should be attached
Progress report approved by technical team and CBM should be attached
Provisional report for the work done should be attached
Final report for the work done should be attached

iii. Contract – ensure to check against the following;

Contract signed by both parties
Contract amount
Payment modalities should be clear in the contract
Bank account number
Contract duration



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Contract administrator/Manager
Arbitration to settle disputes
Sub contract not eligible for advance
Sub contract invoice is not acceptable
Supplier's Bank account number in the contract should be the same as the one on the payment order & Note a l'OT
Addendum amount should not exceed 20% of the contract
And any other consideration deemed necessary.

iv. *Tender document* – ensure to check against the following;

Tender evaluation report is not attached
Advertisement of the tender in the newspaper not attached
Amount of tender evaluation report differs from amount on notification
Final Notification letter is not attached
Provisional Notification letter is not attached
Successful and Unsuccessful bidders notifications
Supplier to be paid is not the one awarded the contract

C. Salaries, allowance, and other benefits payments

i. *Payment order* – ensure to check against the following:

Attach signed copies of Payment orders
Attach signed copies of commitment Group
Check budget lines used if they are correct when creating commitments (Salaries and Lump sum)
Check whether the signatures and specimen are matching
Acting Appointment (Interim letter) should be attached
And if any other

ii. *Payroll list and Bank List* – ensure to check against the following ;

Attach original current payroll list
Attach original Bank lists and non-statutory
Attach payroll change list

iii. *Other supporting documents* – ensure to check against the following:

Appointment letter for New under statute staff(s) should be attached
Attach the salary structure for the New staff for sous status staffs
Contract for New Contractual Staff should be attached
Approval letter from MIFOTRA for contractual staff should be attached
Contract for expert(s) and/or consultant(s) is attached



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Cabinet decision for political appointee is attached
Resignation letters and/or other supporting documents is attached
Contract for Lump sum should be attached
Qualification (certificates, diplomas, degrees...) is attached for New teachers staff
Budgetary position (poste budgétaire) qualification is related to placement

D. Transfers

i. *Payment order* – ensure to check against the following:

Attach original copies of payment orders
Attach signed copies of Note a L'OT/ Commitment Group
Period should be mentioned in description
Signatures on Ops should match with that one on the specimen
Acting Appointment (Interim letter) should be attached
And if any other

ii. *Other supporting documents* – ensure to check against the following:

Breakdown of the activities to be financed by the amount requested should be provided
Inter entity transfer not allowed
And if any other

E. Mission and related expenses

i. *Payment order* – ensure to check against the following:

original copies of Payment orders should be attached
original copies of Note a l'OT should be attached
Signatures on OPs should match with that one on the specimen
original copies of Payment orders should be attached
Copy of exchange rate from BNR website should be attached
Original and copy of the Travel clearance should be attached
Travel clearance should be signed and stamped
Attach a copy of cost of living where the beneficiary is travelling to
Amount of Electronic ticket should be the same as the one on the invoice
Invitation letter should be attached



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F. Membership subscription payment

i. *Payment order* – ensure to check against the following:

Attach original copies of payment orders
Attach original copies of Note a l'OT
Check budget lines used if they are correct when committing expenditure
Signatures on Ops should match with that one on the specimen
Acting Appointment (Interim letter) should be attached

ii. *Other supporting documents* - ensure to check against the following:

MoU should be attached
Budget agency is not allowed to pay subscription except MINAFFET
Organization request for payment should be approved by Budget Agency

F. Expropriation

i. *Payment order* – ensure to check against the following:

Attach 3 original copies of payment orders
Attach 3 original copies of Note a l'OT
Check budget lines used if they are correct when committing expenditure
Signatures on OPs should match with that one on the specimen
Acting Appointment (Interim letter) should be attached

ii. *Other supporting documents* - ensure to check against the following:

Attach signed bank list of payees (3 copies)
Original valuation form signed by owner/beneficiary, representative of Institution, Valuer, Executive Secretary of cell and sector and Mayor of the district
Attach a copy of Identity Card of Beneficiary/Owner
Copy of Land title should be attached

Note:

1. The list of the supporting documents prescribed above, shall be updated from time to time in accordance with updates made in the Public Financial Manual policies and Procedures by the MINECOFIN.
2. Under the paper less initiative and in the context of using and integrating E – Procurement, IPPIS, IFMIS; E- Tax and E- Payment systems, the use of hard copies documents will be limited, and number of copies required will be reduced in accordance with relevant updates in the PFM by MINECOFIN.
3. In accordance with IPSAS 1 – Presentation of financial statements, Rwanda Polytechnic shall present on the face of the statement of financial performance and in the notes to the statement of financial performance an analysis of expenses using classification/sub-classifications based on nature of expenses within Rwanda Polytechnic.



2.4.3. TYPES OF EXPENSES

The Rwanda Polytechnic Expenses shall be classified in accordance with the Standard Chart of Accounts prescribed in the Public Financial Management Manual by the MINECOFIN. RP expenses related Standard chart of accounts shall be comprising of:

- a) **Compensation of Employees**- There are two main groupings within compensation of employees namely; “Salaries and Wages” and “Social Contributions” (also referred to as employee benefits). Salary and Wages comprise of amounts paid to the employees of Rwanda Polytechnic including all statutory deductions such as PAYE and the employee’s contributions to pension and/or medical schemes. The Social Contributions category includes Rwanda Polytechnic’s contribution to the social insurance schemes to which the employees belong.
- b) **Use of goods and services** - This item refers to all Rwanda Polytechnic payments for goods and services, excluding purchases of capital assets.
- (c) **Acquisition of capital assets (Fixed assets)** - Capital assets are goods that are expected to be used during more than one fiscal year and from which future economic benefits or service potential are expected to flow, provided that their value exceeded the capitalization threshold of 100,000 Frw when originally acquired. Payments on goods worth less than the capitalization threshold or those whose useful life is less than one fiscal year are never included under acquisition for capital assets, rather these items are classified as goods and services.
- d) **Consumption of capital (Depreciation)** - This represents the depreciation charge and shall be used by Rwanda Polytechnic while treating the acquisition of fixed (capital assets) using the accrual basis of IPSAS subject to the roadmap of IPSAS accrual implementation by the MINECOFIN.
- e) **Interest** - Interest payments involve total value of interest payments where such payments are associated with debt, e.g., interest on borrowing and overdraft facilities; and Interest paid on overdue accounts.
- f) **Grants and Transfers** – Grants and Transfers include all payments made by Rwanda Polytechnic when Rwanda Polytechnic does not expect to receive value equal to the transfer to the other party. Such payments include grants to international organizations, grants to foreign government, and grants to other government units which includes inter-entity transfers and intra-entity transfers as well as transfers to colleges.
- g) **Social benefits** – these includes social assistance benefits such as pooling risk for health insurance, assistance to refugees, assistance to orphans and other vulnerable groups, compensation to deceased, care of the destitute as well as employer social benefits which includes medical allowance and costs abroad, education allowance, deceased and funeral costs and terminal benefits.
- h) **Other expenditures** - Miscellaneous other expenses include several transfers serving quite different purposes and any other expense transaction not elsewhere classified.
- i) **Repayment of Borrowings** - These items refer to repayment/settlement of Loan Principal but exclude interests’ payments on the Loans (Classified under Interest above). Loan Repayments are appropriated and therefore feature in the appropriation accounts.



2.4.4. COMMITTING RWANDA POLYTECHNIC EXPENDITURE

- i The expenditure process starts with committing the expenditure. A commitment occurs when Rwanda Polytechnic enters a legal obligation that requires it to pay for goods or services either immediately or sometime in future.
- ii Rwanda Polytechnic enters financial commitments whenever it makes an agreement which involves future financial payments. It is very important that Rwanda Polytechnic makes commitments within its approved budget estimate limits.
- iii Commitment of funds should be in conformity with the existing legal provision such as the Organic Law on state finances and property, public procurement law etc.
- iv All types of commitments in respect of foreign currency payments shall be made at the prevailing spot exchange rate irrespective of any exchange rates used for budgeting or contracting purposes.
- v Where the budget available for the commitment is found to be insufficient because of the fluctuations in the exchange rates, the Chief Budget Manager shall cause a budget reallocation or budget revision, as may be necessary.
- vi Where commitments are made and paid directly by a third party, for instance a development partner, in a currency other than the transaction currency, the prevailing spot exchange rate at the time of creation of the commitment shall be used and advised to the third party together with the equivalent amount payable directly to the supplier or contractor by the third party. This requirement notwithstanding, the Chief Budget Manager shall ensure as much as possible that all direct payments to suppliers by third party are effected in the same currency as the transaction currency so as to mitigate the exposure to the foreign currency risk arising out of the fluctuations in the foreign exchange rates.

2.4.5. FRUITLESS AND WASTEFUL EXPENDITURE

- i The RP expenditure management shall be done in manner that ensures elimination of fruitless and wasteful expenditures by all means.
- ii Pursuant to article 73 and 119(2) (b) of the Ministerial Order No. 001/16/10/TC of 26/01/2016 relating to financial regulations, fruitless and wasteful expenditure shall constitute expenditure that is made in vain and would have been avoided if reasonable care had been exercised.
- iii The RP Chief Budget Manager shall therefore exercise all reasonable care to prevent and detect fruitless and wasteful expenditure, and must for this purpose implement effective, efficient, and transparent processes of financial and risk management.
- iv Fruitless or wasteful payments occur as losses if a payment is avoidable and there is no benefit to the Rwanda Polytechnic, such as a payment of a retainer for professional services where these services are not in fact used, a payment for accommodation rented but not used or a payment for goods wrongly ordered or accepted through irregularity or negligence other than an error of judgment. Examples of wasteful expenditure include:
 - 1 Expenditure relating to lost court cases that could have been avoided.
 - 2 Penalties and fines for non-compliance with regulations, contractual obligations, etc; and
 - 3 Payments for acquisition of goods and services not used.



Debit: Rwanda Polytechnic bank account

Credit: Returned payments liability Account

(Below-the-Line Account)

iv. Upon taking the necessary corrective action, the claimant shall initiate a claim for payment of the returned payment with the following details:

- 1 Claim reference number
- 2 Payment order reference number (Payment Voucher/Instruction Number),
- 3 Returned payment Transaction ID issued by the Bank
- 4 Amount of the returned payment,
- 5 Reason for not applying/rejecting the payment instruction in the first place
Beneficiary name
- 6 Beneficiary National ID/Passport Number
- 7 Beneficiary Bank Account details
- 8 Supporting documents to the claim

v. On approval of the claim by the Chief Budget Manager and where payment must be made from the bank account maintained by Rwanda Polytechnic or College, the following entries will be passed.

Debit: Returned payment liability Account

(Below-the-Line Account) (Beneficiary Name)

Credit: Bank account of Rwanda Polytechnic/College

vi. If payment is to be made by the Treasury, the Chief Budget Manager shall upon final verification, transmit the claim to the Treasury for payment. When payment is eventually effected by the Treasury, the following accounting entries will be effected;

Debit: Returned payment – liability account

Credit: TSA Bank Account

In this case no accounting entries are to be raised by Rwanda Polytechnic/College.

vii. Any returned payments that remain unclaimed for over 2 years shall be recognized as other revenues with the following entries

Debit: Returned payment liability Account

(Below-the-Line Account) (Beneficiary Name)

Credit: Other miscellaneous Revenue

viii. If it is confirmed that the deposited amount on bank account results from a genuine transaction which was not properly recorded rather treated as a returned payment or funds held on behalf of third party, such liability will be distinguished by making an adjusting entry to the surplus/ deficit (prior year adjustment) in the year of reporting unless it is possible for a retrospective adjustment



2.5. ASSET MANAGEMENT

This part provides for the policies and procedures to effectively and efficiently manage assets used by Rwanda Polytechnic to achieve its mandate. It covers both current and non-currents assets.

Non-current assets refer to the assets that cannot be converted into cash within twelve months from the reporting date. Such assets are not expected to be consumed or sold within the normal operation of Rwanda polytechnic. Non-current assets also are referred to as public property and include moveable and immovable assets that are held primarily to generate income and are treated as investment property. Non-current assets of Rwanda Polytechnic comprise of Land; Buildings; plant; Property and equipment; intangibles assets like software; patents & copyrights; long term investments.

Current assets refer to those assets that are expected to be realized, sold, or consumed during the normal operating cycle. These assets are held primarily for operational transactions such as consumable and or conversion/production. In respect of provisions of the public financial management policies and procedures manual by MINECOFIN, the series of current assets in Rwanda Polytechnic comprises of inventories; Account Receivables; cash and cash equivalents.

2.5.1. MANAGEMENT OF CURRENT ASSETS

2.5.1.1. Management of inventories

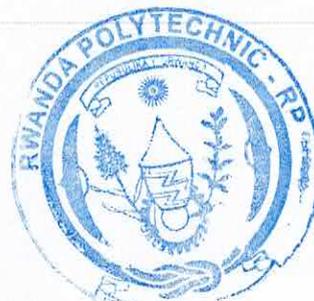
This part provides for policies and procedures laid down to ensure effective and efficient management of inventories of Rwanda Polytechnic.

A. Components of Rwanda Polytechnic inventories

- i. The RP inventories are made of assets in the form of materials or supplies to be used and or consumed in the teaching and learning process. These consist of inventories of various kinds of:
 1. Office supplies i.e., stationary
 2. Computer consumables
 3. Spare parts
 4. Teaching and learning consumables
 5. Tools and equipment used in teaching and learning operations
 6. Live stocks
- ii. These inventories are usually budgeted to be consumed during the particular financial year but due to timing differences may remain in stock.
- iii. The cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

B. Accounting for Rwanda Polytechnic inventories

- i. Rwanda Polytechnic charges all inventory acquisitions as expenditures when purchased rather than when used. However, based on the IPSAS implementation road map, inventory accounting treatment shall be done in respect of accrual basis and be recognized in the RP financial statements.
- ii. Rwanda Polytechnic shall report any material amount of inventory on hand at the end of the fiscal year by way of a disclosure note.



- iii. The value to be indicated shall be based on cost of acquiring the inventories and shall take into consideration any impairment of the inventories.
- iv. The Weighted Average Cost valuation method shall be used for the valuation of the inventories
- v. Upon migration to accrual basis IPSAS as shall be guided by the roadmap, accounting for inventories shall be in accordance with IPSAS 12: "Inventories".

The following accounting entries shall apply to inventories:

Recording inventory at the time of purchase

Debit: Expenditure	XXXX	
Credit: Accounts payable		
(specify creditor/supplier ID)	XXXX	
<i>(Being recording to purchase of inventories)</i>		
Debit: Accounts Payable	XXXX	
Credit: Direct Payment/ Bank		XXXX
<i>(When payment is effected)</i>		

C. Responsibilities of Rwanda Polytechnic management regarding inventory controls

- i. The Rwanda Polytechnic Chief Budget Managers (CBMs) are required to maintain a system of inventory management that ensures avoidance of stock-outs to prevent disruption of teaching and learning activities and optimizes inventories to minimize funds tied-up. Thus, they must ensure that sound internal controls are in place to prevent loss through damage, deterioration, unauthorized use, or pilferage.
- ii. The storekeeper who is designated to be in charge of maintaining inventory records shall be entrusted with the responsibility for maintaining the inventory records and for ensuring that the rules established to safeguard RP inventories are rigidly adhered to.
- iii. Inventory records are maintained in the prescribed format and are updated to reflect accurate and precise details of the items in question.
- iv. All finished goods manufactured in the teaching and learning workshops where applicable are to be physically treated as stores items in a similar fashion as purchased goods.
- v. Stock taking shall be carried out on quarterly basis by the independent inventory physical verification team appointed by the CBMs.
- vi. On regular basis, all damaged and obsolete stocks shall be properly identified, and a record kept; and the necessary approval should be sought for the write-off and disposal of such inventories.
- vii. The office of Deputy Vice Chancellor in charge of Administration and Finance shall ensure the timely consolidation of all inventory reports from the RP colleges

D. Rwanda Polytechnic inventories registers and records

- i. Rwanda Polytechnic shall maintain adequate records of purchase and issuance of consumable inventories. These records shall be maintained in electronic form in such a way that each type of inventory can be separately identified.
- ii. The RP inventory records shall comprise the following elements:



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1. The supplier.
 2. Quantity Purchased
 3. Local Purchase Order Number where applicable
 4. Date when item was included in the inventory.
 5. Beneficiary department for issues (quoting the reference number of the related stock requisition);
 6. Date of issue.
 7. Inventory at hand – stating the dates of occurrence and associated historical cost
 8. The quantity levels at which replenishment should be prompted
 9. The maximum quantity beyond which further procurement would be unduly tying funds
 10. Condition of the inventory
- iii. On regular basis, the storekeeper shall produce a certified hard copy (printed copy) of the database at least once a year for office and/or audit purposes. (s) he shall also be responsible to take precautions in safeguarding the records and kept records of the backup security copies of the database.
 - iv. The workshop attendant/technicians shall be responsible of providing necessary reports on workshop tools, equipment, machinery, and consumables inventory under their disposition.

E. Receipt of Rwanda Polytechnic inventory items

Upon receipt of inventory items, the storekeeper shall:

- i Check the goods supplied with the details on the invoice or any other supporting document relating to the items being placed in the inventory.
- ii Record the inventory in the respective records, i.e.: Stock Register for each category of inventory.
- iii Shall ensure that the information entered into the stock register is precise and accurate and reflects the information pertaining to the respective inventory item.

F. The Rwanda Polytechnic Inventory Item Issuance

For any item to be released from Rwanda Polytechnic inventory, the following actions shall be taken:

- i The user department shall raise a duly approved requisition form detailing the items required.
- ii The officer receiving the items shall acknowledge receipt by signing.
- iii The storekeeper shall update the inventory records immediately upon issue
- iv Where the items in store are not sufficient to cover the items requested for, the storekeeper shall clearly indicate the items issued on the requisition form.



G. The Rwanda Polytechnic Stock taking

- i At the end of each month, the stocks at hand should be summarized in a schedule showing the quantity and values for each inventory category. This schedule should be annexed to the monthly financial reports submitted to MINECOFIN.
- ii The RP CBMs shall ensure that stock count takes place once every quarter and at year end witnessed by the Internal auditor.
- iii The results of the count should be reconciled with the corresponding records in the inventory cards. Disparities between the inventory register and the physical inventory counted must be recorded, followed up and cleared. But the storekeeper shall always make the necessary checks from time to time and reporting immediately any discrepancies discovered.
- iv The Internal audit function shall conduct regular stock audit and Rwanda Polytechnic shall ensure that internal auditor recommendations made are timely implemented.
- v When a stock taking reveals that an inventory item cannot be traced, the RP CBMs shall:
 1. Investigate and establish how it came to be missing.
 2. Establish who is to be held responsible for its loss.
 3. Recommend that the inventory item be written-off from the Inventory Database; and
 4. Take any disciplinary and or legal action as prescribed by the law.

H. Safeguarding Rwanda Polytechnic inventory

- i All Rwanda Polytechnic inventories should be always safeguarded and locked up.
- ii The store should be well spaced to allow for movement and regular stock takes.
- iii Items should not be stacked up so high that they constitute a safety risk.

I. Treatment of Damaged and obsolete inventory at Rwanda Polytechnic

When an inventory item is obsolete, the RP CBMs in accordance with the provisions of the relevant public laws and regulations shall authorize the writing off the asset or disposal of the obsolete inventory item.

J. Management of training consumables related stock and tools in the workshops

Being a technical training institution, RP stocks are largely made of training consumables and tools.

1. Requisitioning consumables

- a. Based on the Scheme of work by trainer/instructor; verified by HOD; and approved by the director of quality assurance (DoQA), the trainer/ instructor/lecturer submit list of consumables needed to HOD for approval



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- b. Approved list of consumables shall be handed to the workshop assistant (WA) who shall undertake the normal material requisition into applicable system
- c. Consumable requisition in the system by WA shall be approved by the line HOD in the applicable system
- d. Logistics officer shall verify the consumables requisition before the final approval by the DAF
- e. Upon approval by DAF, Storekeeper shall issue out consumables requested to the workshop assistant who shall sign on the material issued out form.
- f. Consumables with bulk nature that cannot be accommodated in normal stores room i.e, stones, bricks, sand, etc. shall be requisitioned upon delivery and stored at practice/production site.
- g. Consumables stored at practice/production site shall be under responsibility of the concerned workshop assistant supervised by HOD

2. Consumables utilization and reporting

- a. Workshop assistant shall always keep registry of consumables utilised in the workshops or practice site on daily basis
- b. Consumables taken by trainer/instructor/lecturer shall always be confirmed by Class representatives (CPs)
- c. Unutilized consumables shall be reported back by the lecturer/trainer/instructor to the workshop assistant who shall immediately inform the HOD and record the remaining consumables.
- d. Whenever planned training sessions are fully completed, unutilized consumables in complete units shall be returned to stock, and material return form will be filled in.
Logistics officer shall always reconcile his/her reports with the content of the Workshop assistants' registries before any submission of consumables related reports. This exercise shall be carried out on monthly basis.

3. Registry of tools in the workshops

- a. Each Workshop Assistant shall keep a register of all tools located in workshop under his/her responsibility
- b. The tools registry shall indicate issuing out date; type and number of tools taken; Names of staff who takes tools; place to which tools are to be utilized; returning status; returning date; signature of returning person/staff and observation
- c. The content of tools registry in the workshop shall be verified by HODs and Logistics officer on monthly basis.
- d. Logistics officer shall always reconcile his/her reports with the content of the Workshop assistants' registries before any submission of tools and equipment related reports. This exercise shall be carried out with physical verification on monthly basis.

2.5.1.2. Management of Account Receivables

This part highlights policies and procedures aimed at achieving effective and efficient management of receivables at Rwanda Polytechnic.

A. Components of Rwanda Polytechnic Account Receivables

Account Receivables at Rwanda Polytechnic means an asset reflecting an amount owed to Rwanda Polytechnic from supplied goods and offered services, reimbursement of expenditures, fees, fines, and other miscellaneous circumstances where funds that have not yet been received.



Rwanda Polytechnic may have different forms of accounts receivable:

1. Outstanding fees from students.
2. Funds in transit; and
3. Receivables from sale of goods and services
4. Advances to staff

B. Recording Account receivables at Rwanda Polytechnic

- i. Generally, the recognition of receivables is tied to the recognition of revenue. If payment is not received when the revenue recognition occurs (i.e., revenue is earned), then a receivable should be recorded.
- ii. Posting to the detail account receivable records should only be done from authorized source documents.
- iii. An aging of accounts receivable should be prepared monthly and reviewed by the Director of Administration and Finance and approved by the Chief Budget Manager.
- iv. The responsibilities for maintaining detailed accounts receivable records should be segregated from collections.
- v. The concerned originating production/operation/teaching and learning department shall closely work with finance unit in monitoring collections, recording, and reporting of account receivables
- vi. Payments should be posted to the accounts receivable instantly upon receipt where practicable to ensure the accounts receivable records are kept up to date and all adjustments to accounts receivable should be approved by the CBMs.
- vii. The CBMs shall be required to provide documentary evidence of the effort made to collect overdue account Receivables.

C. Writing off account receivables at Rwanda Polytechnic

In accordance with the article 105 of the Ministerial Order No. 001/16/10/TC of 26/01/2016 relating to financial regulations the CBMs shall seek authority from the Board of Directors to write-off from the RP books of accounts long outstanding and irrecoverable Receivables.

1. Consideration and submission of request for writing off account receivables:

Account receivables should be considered for write-off if any of the following conditions applies:

- i. The debtor has died leaving no known estate.
- ii. The debtor cannot be located.
- iii. The debtor is not resident in Rwanda and there are no means of collection or indication that the debtor has family or business ties that might encourage him to return to Rwanda.
- iv. The debtor has disputed liability and the success in collecting is unlikely.
- v. The debtor is a company that has ceased to operate and has no assets; or



- vi. The court has ruled in favour of the debtor to the effect that he/she does not owe RP
- vii. It has been proved that the cost of collecting the outstanding debt is more than the amount to be received.

Once the above has been considered, a submission to the Board of Directors for the write off debts should include the following information:

- i. Specific circumstances, including the dates, under which the debt arose and the way in which the debtor's liability was established.
- ii. A summary of collection actions taken and their results.
- iii. Details of legal action taken, and legal opinions sought.
- iv. A list of directors if the debtor is a corporation.
- v. Whether corrective action can be taken or has been taken to prevent recurrence of a similar failure of collection action; and,
- vi. An indication as to whether the debtor individual(s) or organization has had debt owed to the other public institutions which was previously written off.

2. Accounting treatment for writing off account receivables

The following accounting recognition will apply while writing off account receivables:

Upon obtaining authorization to write off and the accounts receivable was recognized on an accrual basis as is the case with exchange revenue transactions.

Debit: Prior Year Adjustment xxxx

Credit: Accounts receivables xxxx

Note: No accounting entries are required where the accounts receivable was not accrued but appropriate memorandum records shall be maintained

3. Accounting for recovered bad debts written off

Where previously written off bad debts are recovered, the resultant receipt should be recorded as an income in the year of recovery as follows:

Upon receipt of previously written off bad debt

Debit: Bank Account xxxx

Credit: Other miscellaneous Revenue xxxx

2.5.1.3. Management of cash at Rwanda Polytechnic

In accordance with the IPSAS 2, cash refers to cash on hand and demand deposits. At Rwanda Polytechnic cash shall mean cash reported as both cash in hand (safe boxes where petty cash is maintained) and bank balances.



A. Key controls applied to Rwanda Polytechnic cash at Bank management

- i The RP CBMs shall ensure banks balances are properly authorized, safeguarded, classified and reported in the financial statements.
- ii The RP CBMs shall ensure that only minimum necessary numbers of bank accounts are maintained for ease of management and reconciling and to minimize cost associated with maintaining bank accounts.
- iii No person shall act as a signatory to Rwanda Polytechnic bank account without an appointment to that effect.
- iv Rwanda Polytechnic shall have bank account authorized signatories in sufficient numbers and categories to prevent possibility of operational paralysis due to absence of one or more signatories, without compromise to the internal controls over the financial resources of the entity.
- v Any opening and closing bank accounts shall requires the authorization of the Accountant General.
- vi Overdrawing on Rwanda Polytechnic Bank accounts is strictly prohibited.
- vii The National Bank of Rwanda is the only authorized bank to process monetary transactions from the consolidated fund of Rwanda Polytechnic.
- viii All bank Balances for the accounts opened in other banks shall be transferred to accounts in the central bank (BNR) on regular basis. Three months shall be considered as a reasonable maximum time for transfer.
- ix The RP CBMs shall maintain and update a register for all bank accounts maintained by the Rwanda Polytechnic.
- x Monthly bank reconciliations in the format prescribed in the public Financial Management policies and procedural manual shall be carried out for each bank account maintained by Rwanda Polytechnic and submitted as part of monthly financial statements submitted to MINECOFIN by the 15th day following the end of the month.
- xi These monthly reconciliations should be filed alongside the associated financial statements for audit purposes.
- xii Where revenue collections are done on cash basis, cash thereof shall be deposited on daily basis.

B. Key controls applied to Rwanda Polytechnic cash in hand management

The RP CBMs shall ensure that the following controls are applied in the respect of cash in hand and or petty cash management:

- i. Any revenue collected on cash basis shall be deposited daily.
- ii. Cash receipts must be properly safeguarded prior to deposit using adequate physical security (i.e: safes, locking cabinets, etc.).
- iii. Access to cash receipts shall be limited and restricted to only designate employees.
- iv. Copies of the bank deposit slips shall be maintained for all bank deposits.
- v. Any suspicion of fraud or theft relating to bank or cash, staff shall immediately be notified to competent authority for follow up and legal enforcement.



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- vi. All safes and cashboxes must be obtained through the Director of Administration and Finance who shall keep a register of Safes and Cash-boxes clearly showing the location of each and the officer responsible.
- vii. The cash register should also indicate number of keys (includes duplicates), per safe or cashbox and their deposits and withdrawals;
- viii. An officer holding the key to a safe or cashbox is personally responsible for its safe custody.
- ix. Where an officer holding the key to safe or cash-box hands over the key to another officer, the contents of the safe, a cash count shall be carried out as part of hand over procedure.
- x. It is the responsibility of the officer handing over a key to ensure that his or her successor is informed of the identity of any other key-holders and the location of the duplicate key.
- xi. The loss of the key of any safe, strong-room or cashbox, or any other equipment, shall be reported immediately to the CBM and the officer's immediate superior with a full explanation of the loss and any other key holders must also be informed immediately.
- xii. The duplicate key shall be obtained only to open the safe or cashbox for removal and verification of the contents and the container may not thereafter be used until the lock has been altered and new keys provided.
- xiii. Transfer of safes and cashboxes between departments and other locations shall be approved by the Chief Budget Manager.
- xiv. It is not allowed to keep private money or effects in RP's safes or cashboxes.
- xv. An officer in charge of a safe or cashbox shall check the contents daily and report any discrepancy to the CBM and the Internal Audit.
- xvi. The Petty cash imprest shall not exceed the allowed limit of 500,000 Frw unless otherwise authorized by the competent authority.
- xvii. Cash counts shall be carried out monthly and shall be approved by the CBM.
- xviii. The cash on hand as indicated on the cash count certificate should agree with the petty cashbook balance.

2.6. MANAGEMENT OF NON-CURRENT ASSETS

2.6.1. Introduction

In accordance with the relevant public laws, policies, guidelines, rules, and regulations governing public finances, this part lays down policies and procedures to effectively and efficiently manage non-current assets at Rwanda Polytechnic.

In respect of IPSAS1, assets covered in this manual shall be the ones that are qualified to be a resource controlled by Rwanda Polytechnic because of past events and from which future economic benefits or teaching and learning service potential is expected to flow to Rwanda Polytechnic. The RP non-current assets consist of:

1. Land
2. Buildings and structures
3. Infrastructure
4. Transport equipment
5. Office equipment, furniture, and fittings
6. ICT Equipment, Software and Other ICT Assets



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7. Workshop Machinery and Equipment
8. Heritage and cultural assets
9. Intangible assets i.e. intellectual property -copyrights and patents

2.6.2. Key guiding principles to the management non-current assets of Rwanda Polytechnic

- i. **Service delivery needs:** all assets management decisions taken at Rwanda Polytechnic including acquisition, transfer, maintenance, and disposal shall be done based on the service delivery needs identified by the end user and approved by the competent authority.
- ii. **Life cycle approach to asset management:** the RP CBMs shall ensure that all aspects of non-current assets management such as planning; acquisition; operating and maintenance; transfer and disposal of non-current assets are undertaken in a manner that is exhaustive and efficient enough to attain RP mandate.
- iii. **Accountability and transparency;** the RP CBMs shall ensure that any non-current asset management transaction is undertaken and timely reported by the responsible officer in the light of achieving maximum level of accountability and transparency.

2.6.3. Responsibilities for managing non-current assets at Rwanda Polytechnic

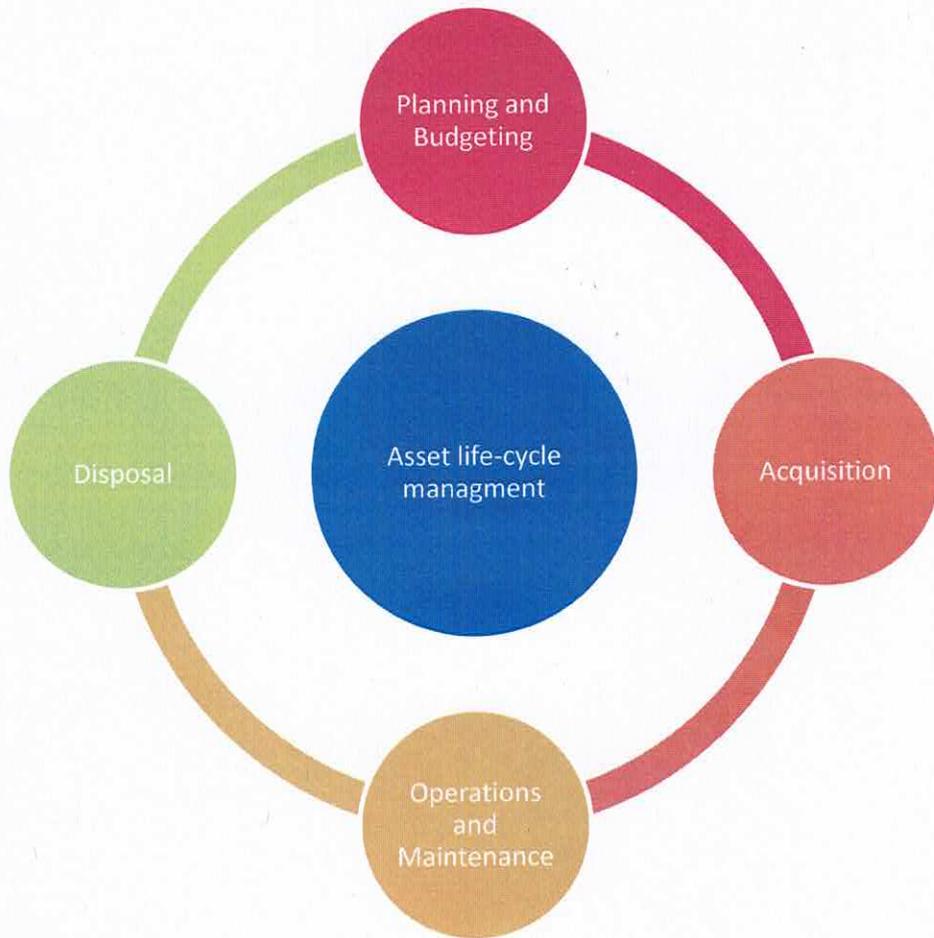
- i In accordance with the article 19 of Organic Law N° 12/2013/OL of 12/09/2013 on State Finances and Property, and Ministerial Order N°001/16/10/TC of 26/01/2016 relating to financial regulations, the RP CBMs shall be responsible to put in place appropriate mechanisms to manage non-current assets; and ensure that relevant reports thereof are prepared and submitted on time.
- ii CBMs shall ensure that both immovable and moveable assets data are timely and recorded, kept and updated in the asset register.
- iii In respect of land and buildings management, the RP CBMs shall work closely with the Rwanda Land management and use Authority; and the Rwanda Housing Authority respectively.

2.6.4. Asset life-cycle management at Rwanda Polytechnic

- i. The asset life – cycle management at Rwanda Polytechnic consist of four phases as indicated in the diagram below:



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ii. In the planning and budgeting phase, CBMs shall ensure that the relevant information on the asset needs is identified and established from the end users; and be incorporated in the Rwanda Polytechnic strategic planning framework including single action plans. Asset planning and budgeting shall provide for any necessary acquisition of new assets, dispose of assets that are surplus or not in use, operating and maintaining existing assets.

iii. In acquisition phase, CBMs shall ensure that necessary actions are undertaken timely to purchase, construct and or create new assets as reflected in the RP plans.

iv. In the operation and maintenance phase where the assets are used for intended purpose, logistics officer and estate manager shall be required to identify and report from time to time all the assets need for repair and or refurbishment. CBMs shall ensure that an effective and efficient assets maintenance services is put in place.

v. Asset disposal phase shall be undertaken whenever it is found that an economic life of asset has expired or when the need for service provided by the asset has disappeared.



2.6.5. Measurement of non-current assets at Rwanda Polytechnic

This part provides for the policies and procedures applied in the establishment of value of asset at recognition and after initial recognition.

a. Valuation of tangible and intangible assets at recognition

- i. At initial recognition, all Rwanda Polytechnic assets shall be measured at cost. Where details about cost are not available, fair value/market value shall be applied.
- ii. Cost of asset shall be comprising of:
 1. Its purchase price, net of discounts and rebates, but including any import duties and non-refundable purchase taxes.
 2. Any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management such as costs of site preparation, initial delivery and handling costs, Installation and assembly costs and testing costs
 3. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, to the extent that there is an obligation to incur these costs.
- iii. Fair value/market value shall be applied in circumstances where:
 - 1 Assets that have an active market with quoted prices, for example, land, building motor vehicle and other movable assets.
 - 2 Assets that were acquired at no cost (capital grants) or at nominal cost and whose fair value can be reliably measured.
 - 3 Previously unreported assets whose cost details cannot be obtained and these need to be included in the asset register.

b. Measurement of noncurrent tangible assets after initial recognition

- i. Rwanda polytechnic assets shall be measured using the two valuation models for noncurrent assets as per the IPSAS and IFRS reporting frameworks:
 1. The Cost Model; and
 2. The Revaluation Model
- ii. While applying cost model, an asset shall be carried at cost less any accumulated depreciation and any accumulated impairment losses.
- iii. For the revaluation model, the valuation of assets is continually reviewed to reflect the fair market value as much as possible. After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

c. The valuation process at Rwanda Polytechnic

- i. Whenever there are assets that have never been assigned values or donations that do not have historical cost, CBM shall appoint an internal valuation team to establish the value of those assets.



- ii. The appointed internal valuation team should comprise of the technical officers in charge of operating and managing the assets, the procurement officer who is conversant with the market prices and the accountants.
- iii. In conducting the valuation process, the team shall use the following criteria:
 - 1. Historical cost basis
 - 2. Open market values
 - 3. Depreciated Replacement Cost
 - 4. Net Present Value of Cash
- iv. Where the internal team is not able to carry out the valuation, for example, in the case of complex assets, an external valuation can be carried out with the use of a qualified external valuer hired using applicable procurement guidelines.

d. Asset Capitalization Threshold

- i. Rwanda Polytechnic shall apply materiality in establishing the capitalization threshold for tangible and intangible assets, the threshold is set at 100,000 Rwandan Francs, which is based on the principle of materiality and shall be applied on the historical cost of the asset (not the depreciated value) but the threshold may be revised upon approval by Rwanda Polytechnic Board of Directors based on the nature of the asset.
- ii. The physical asset verification committee shall be required to analyse the nature of the asset to be classified as non-current with the cost below the threshold stated above.
- iii. Hence, any asset whose original cost is estimated to be below the capitalization threshold should be treated as an expense.

2.6.6. Receipt and allocation of non-current assets

The process for receipt and allocation of assets in Rwanda polytechnic shall involve the following steps:

- i. **Receipt of assets** - assets shall be received by a team of at least three personnel involving the Logistics/Maintenance Officer/estate Manager, end user, Procurement Officer, and Accountant/and a representative of Internal Tender committee. In case of computer hardware and software, an additional staff from the ICT unit/department shall be required.
- ii. **Inspection of the assets and recording in the inventory/asset registers** - once the asset is inspected and found satisfactory, it will be taken to the store and recorded in the stores register by the storekeeper and or logistics officer. If the asset is to be issued immediately, it should be tagged/coded and updated in the asset register and allocated to the user upon approval of the asset request form by the Director of Administration and Finance.
- iii. **Acknowledging delivery and receipt of assets** – The storekeeper/logistics officer/estate Manager shall sign off the goods received note/certificate of work done to acknowledge receipt of the asset.
- iv. **Request for the asset by the user department/unit** - asset request form to be completed by the user department/unit for the allocation and release of the asset from the store. The request form must be approved by the user department/unit supervisor.
- v. **Submission of the requisition** – The asset request form is submitted to the logistics officer who shall review the requisition before the final approval of the Director of Administration and Finance to enable the release of the asset to the user department/unit.



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- vi. **Tagging of assets** – The logistics officer shall engrave the asset with a tag/code and update the asset in the asset register. The tag number shall at least reflect Rwanda polytechnic initials, asset type and asset number.
- vii. **Delivery of asset to the user department/unit** – The asset is delivered to the user department/unit and the asset register is updated with the details indicated in format prescribed in the public Financial Management policies and procedural Manual by MINECOFIN.
- viii. **User acknowledges receipt of asset** – by signing the asset request form in the format prescribed in the public Financial Management policies and procedural Manual by MINECOFIN.

2.6.7. Asset records keeping in the Assets register

- i. In respect of relevant public laws, policies, procedures, and regulations governing public finances and property, Rwanda polytechnic shall timely record, keep and update data related to assets in an asset register.
- ii. With the current digital era, Rwanda Polytechnic shall maintain its asset register in electronic format. Nevertheless, periodic hard copies shall be retrieved from electronic system, signed, and safely kept for audit and backup purposes.
- iii. The RP asset register shall indicate the following key information:
 - 1. Date of purchase of the asset.
 - 2. The supplier details to facilitate subsequent after sales maintenance.
 - 3. The type and description of each individual asset.
 - 4. The asset code number engraved on the asset (for land - land registration number, for buildings - land registration number and block number, for vehicles -the vehicle registration number)
 - 5. The acquisition cost of the asset.
 - 6. Estimated useful life (to assist in determining time of replacement);
 - 7. The physical location of the asset.
 - 8. User of the asset/ the person allocated (to determine the accountable person at any one time);
 - 9. Condition of the asset.
 - 10. Date of disposal (as applicable); and
 - 11. Disposal proceeds (as applicable).
- ix. The Logistics Officers shall be responsible for maintaining a register of assets under their control or possession and the register shall take the format prescribed in format prescribed in the public Financial Management policies and procedural Manual by MINECOFIN.
- x. For land and buildings, registration information i.e., Plot No (UPI), No of blocks, Plot size should be clearly indicated to describe the asset ownership.



2.6.8. Asset tagging at Rwanda Polytechnic

All Rwanda Polytechnic assets shall be tagged according to a tagging convention/method that should as much as possible reflect the exact location of an asset item and should at a minimum show the entity, asset type and asset number.

2.6.9. Physical verification of non-current assets

- i. Physical verification of all assets at Rwanda Polytechnic shall be conducted on an annual basis to:
 1. Ensure the existence and condition of assets.
 2. Confirm the presence of tag numbers on each asset; and
 3. Ensure the correctness and completeness of the assets register.
- ii. Physical verification task shall include matching the recorded assets with physical existence and any anomalies shall be promptly reported in writing to CBM.
- iii. The physical asset count and verification shall be done by an independent internal team appointed by the CBM, and any member thereof shall be an RP staff who is not involved in asset management.
- iv. The documentation related to the asset count and independent physical verification shall be retained on file for review by the internal auditor and/or Auditor General, if requested.

2.6.10. Handover of assets at Rwanda Polytechnic

- i. Whenever an RP official leaves his/her office to another employment place or to another location within RP, S/he shall be required to officially handover all assets under he/r disposition.
- ii. An asset handover form as prescribed in the public financial management manual by the Ministry of Finance and Economic Planning (MINECOFIN).
- iii. The official asset handover form should be filled in and filled with the logistics officer with copy to incoming official.
- iv. The handover form shall clearly indicate the following information:
 1. Asset Description
 2. Asset code
 3. Unit
 4. Location
 5. Comments on the condition of the asset
- v. The assets shall be handed over to the immediate supervisor and the Logistics/Maintenance Officer must inspect the condition of the assets. Thereafter, the asset handover form shall be signed and dated by the person handing over the asset, the immediate supervisor and the Logistics/Maintenance Officer.
- vi. In case the assets are required by the unit for the replacement staff, the assets should be left under the care of the immediate supervisor. If the assets are no longer required, they should be returned to the store for reallocation to another user.



2.6.11. Issue of shared ICT and other equipment

- i. ICT and other equipment such as teaching equipment like projectors, laptops, printers, video cameras and other similar assets that are maintained centrally and issued to different units/departments for use for a specific activity and returned after the activity, the requesting unit should complete the form indicating who take assets, when the assets are taken/ for what and when returned.
- ii. Where ICT and related tools and equipment held for teaching and learning purposes are not fixed in the classrooms, their handling and distribution shall be mandated to the officer in charge of ICT Unit/ IT help desk.

2.6.12. Maintenance and repairs of non-current assets

- i. An employee of Rwanda Polytechnic who uses or is in custody of an asset shall be responsible for monitoring the condition and performance of each item and for reporting any problems to the Logistics Officer on time.
- ii. The Director of Administration Finance and the Logistics Officer with the approval of the CBM shall be required to conducting an analysis of projected costs for maintenance of the assets.
- iii. The annual maintenance plans should be prepared on time and be incorporated in the comprehensive planning and budgeting process of Rwanda Polytechnic.
- iv. Repair and maintenance of vehicle shall be done in accordance with provisions of fleet policy of Government of Rwanda.

2.6.13. Managing asset losses and insurance of assets

In accordance with the public laws, policies and regulations governing financial regulations, loss of an asset due to theft, damage, fire, or any other incidence that results in a loss or damage shall be reported and noted in asset register promptly by an official in charge of asset custody.

a. Reporting and investigation of the loss of asset

- i. Whenever, an RP employee/ department realized that a loss of asset has occurred, he or she shall immediately notify the direct supervisor in writing; in case the supervisor is suspected of causing such loss or committing an offense, the employee shall inform a more senior supervisor.
- ii. The supervisor shall immediately notify the Logistics Officer who shall then notify the Director of Administration and Finance who shall also notify CBM within no more than 10 days.
- iii. The loss notification must clearly indicate the following:
 1. How the loss was detected.
 2. The cause and description of the loss; and,
 3. The dates of detection and occurrence of the loss or offense.



b. Audit investigation on loss of asset

- i. On the request of the CBM, the Internal Auditor shall conduct an audit investigation to determine the nature and extent of the loss.
- ii. The employee who reported the loss or the head/director of the department/unit sustaining the loss shall assist in the investigation.
- iii. As soon as the investigation is completed a final written report indicating the amount of loss or damage by the internal auditor must be submitted to CBM with a copy to the Head/director of the department/unit sustaining the loss; the logistics officer; the Director of Administration and Finance

c. Recovery action for the loss of asset

- i. **Non-insurance recovery;** Upon the completion of the audit investigation and the loss cannot be recovered from the insurance company, the CBM shall ensure that:
 1. Losses or damages suffered because of an act committed or omitted by an official, must be recovered from such an official if that official is liable in law. The official written request to pay should be given and be paid within 30 calendar days or in reasonable instalments.
 2. If the official fails to comply with the request, the matter must be handed to the legal and enforcement unit for the recovery of the loss or damage.
 3. When it appears that Rwanda Polytechnic has suffered losses or damages through criminal acts or possible criminal acts or omissions, the matter must be reported, in writing, to Rwanda investigation Bureau (RIB).

(ii) Insurance recovery;

- i. When notified loss falls under insurance contract, the CBM shall act immediately to comply with the terms and conditions of Insurance Contract, including, if required, informing the Insurers of the loss.
- ii. The Director of Administration and Finance shall be required to closely work with the Insurance Company during the process of negotiation and settlement of claims.

2.6.14. Transfer, movement, and disposal of assets at Rwanda Polytechnic

The RP Chief budget managers shall ensure that any transfer, movement, and disposal of asset is done in accordance with the relevant provisions of laws regulating state property and finances.

a. Asset transfer

Asset transfer can be within department/unit or among departments/units of the same Rwanda polytechnic college, and among colleges of Rwanda Polytechnic. The first refers as intra-asset transfer while the later refers as inter-college asset transfer.



1. Intra-asset transfer at Rwanda Polytechnic

All asset transfers within department/unit or among departments or units shall be authorized by the Director of Administration and Finance. S/he must ensure that the following steps were appropriately undertaken:

- i. Filling in the asset transfer form by the current user of the asset with the details of the asset being transferred and the reason for the transfer.
- ii. The request for asset transfer has been reviewed and approved by the head/director of department/unit. Before approval, the head/director of department/unit must have assessed whether the request for transfer is justified.
- iii. Where the transfer is rejected, the head/director of department/unit indicates in the asset transfer forms the reason for the rejection and returns the form to the user.
- iv. Every transfer request approved by the Director of Administration and Finance shall be forwarded to the logistics/estate officers for necessary updates in the asset records and register.
- v. The logistics/estate Officer shall initiate the transfer and update the assets register.
- vi. The logistics/estate Officer shall inform the new user of the transfer with the new user signing the asset transfer form to acknowledge receipt of the asset.

2. Inter - Colleges Assets transfer

- i. Based on the results of the College independent asset physical verification committee's report, corporate services division Manager shall identify excess and or unusable assets that may be transferred to other needy colleges.
- ii. Excess and or unusable assets report shall be addressed to the office Deputy Vice Chancellor in charge of Administration and Finance, who will immediately inform and request colleges in need of such assets to request them.
- iii. The needy college's CSDM shall submit asset request to the office of DVCAF, who shall immediately forward it to the colleges with excess/unusable assets with the request to arrange necessary steps for asset transfer.
- iv. The CSDMs for the transferring and receiving colleges shall be required to prepare an inventory of the assets to be transferred.
- v. The signed inventory of transferred assets shall be used by both the receiving and issuing colleges to update the asset register of both colleges.

b. Movement of asset from Rwanda Polytechnic campuses to operational sites

- i. CBMs shall ensure that assets like tools, machinery and equipment move out of the campus premises with proper authorization.
- ii. Where an asset is to be moved out of campus premises for teaching and learning purposes, the concerned head of department will submit a request for that approved by Deputy principal in charge of academics and training (DPAT) to the office of CSDM to get a gate pass
- iii. Where an asset is to be moved out of campus premises to serve the RP corporate Ltd clients, the concerned site operations manager, shall submit the request for an asset movement to CSDM, who shall check with logistics officer and or concerned HoD for availability of assets before any approval of gate pass



- iv. The site operations manager request shall be supported by:
 - 1. Copy of Service card with RP corporate Ltd
 - 2. Copy of service contract with the client
 - 3. Proof of payment for the services

c. Disposal of Assets

The RP CBMs shall ensure that Rwanda Polytechnic assets are disposed of in a manner that is complying with provisions of public laws regulating sales and disposal of state private assets. They shall also ensure that any disposal of assets must be conducted in a manner that achieves the best return to Rwanda Polytechnic. The following procedures shall be taken into consideration to dispose off assets of Rwanda Polytechnic:

- i The logistics officer/estate manager carry out an inspection of the assets to assess their condition based on the annual physical asset verification conducted by the asset independent physical verification team.
- ii Through this verification the Logistics Officer/estate manager identifies damaged assets, stolen assets or lost assets or assets that are no longer required and make a report to the CBM;
- iii The report is analysed by the asset disposal committee appointed by DVCAF with authority delegation to CSDM at college level.
- iv The committee determines if the disposal is justified and make recommendation to proceed with/reject the asset disposal to DVCAF/CSDM.
- v Once the disposal is approved by DVCAF/CSDM, the Logistics Officer forwards the approved list of assets for disposal to the Procurement unit which carries out disposal of the assets in line with the applicable Law stated above.
- vi Once the assets are disposed, the Procurement Unit notifies the Director of Administration and Finance and Logistics Officer of the disposal to update accounting records and write off the assets from the books of account, recognize the asset disposal proceed and update the asset register.

2.6.15. Depreciation and impairments of assets at Rwanda Polytechnic

- i. Depreciation and impairment of Rwanda polytechnic assets shall be recognised in the respect with the public laws, policies and regulation governing public property and finances.
- ii. Under the current accounting and reporting framework by the Ministry of Finance and Economic Planning (MINECOFIN), RP does not depreciate its assets, rather the cost is expensed. However, depreciation and impairments are recorded in the asset register from which, net book values are directly reported.
- iii. Without compromising with the provisions of the public laws regulating public property and finances, Rwanda polytechnic shall apply straight line method of asset depreciation.
- iv. Land and buildings shall be depreciated in accordance with the guidelines of Rwanda Land management and use Authority, and Rwanda Housing Authority respectively.
- v. Depreciation of vehicles shall be done in accordance with the Government of Rwanda Fleet policy



2.7. MANAGEMENT OF DEBT AND LIABILITIES

This part indicates policies and procedures to be applied in the circumstances where Rwanda Polytechnic uses others' funds to run its projects and operations. Debts and liabilities that can be recognized in the books of accounts of Rwanda Polytechnic may include the following:

- i **Direct borrowing:** relates to a liability arising from the debt that may be acquired directly by Rwanda Polytechnic.
- ii **Accounts payable:** relates to the short-term obligation to pay the supplier for products and services purchased on credit or for which related invoices are still outstanding at the end of reporting period. It includes payroll liabilities, third party liabilities and other payables.
- iii **Contingent liability:** is a possible future obligation arising out of a past event whose occurrence depends on uncertain future occurrence of an event outside the control of the reporting entity. It includes guarantees; lost legal cases

2.7.1. Management of Direct borrowing

- i Borrowing shall not be considered among the prime alternatives for funding Rwanda polytechnic Projects and operations.
- ii If it happens that borrowing is acceptable as an alternative for funding RP projects and operation, no borrowing shall be negotiated and contracted without prior authorization from the ministry of Finance and Economic Planning.
- iii Under circumstances borrowing is considered for RP projects and operations the following procedures shall be undertaken:
 - 1. A written analysis report on the reason to make the direct borrowing shall be prepared by the office of DVCAF.
 - 2. The report and the request for borrowing shall be sent to Rwanda Polytechnic BoD for approval
 - 3. The BoD shall approve the request for borrowing with or without changes, upon which the request shall be submitted to MINECOFIN
 - 4. MINECOFIN may approve or reject the borrowing request and notify the requesting RP accordingly
 - 5. With the Minister's approval, Rwanda Polytechnic shall proceed to sign the loan agreement

2.7.2. Management of Account payables and Contingent liabilities

a. Account Payables

- i. Generally, the recognition of payables is tied to the recognition of suppliers' invoices for goods and services. If payment is not done when the expenditure recognition occurs (i.e. expense incurred), then a payable should be recorded.
- ii. Posting to the detail payables records should only be done from authorized source documents.
- iii. An aging of payables should be prepared monthly and reviewed by the Director of Administration and Finance and approved by the Chief Budget Manager.



- iv. The concerned originating production/operation/teaching and learning department shall closely work with finance unit in monitoring payments, recording and reporting of payables
- v. Payments should be posted to the accounts payable instantly upon payment where practicable to ensure the payables records are kept up to date and all adjustments to accounts payable should be approved by the CBMs.
- vi. The CBMs shall be required to provide documentary evidence of the effort made to pay long outstanding payables
- vii. Whenever, it satisfactorily proved that all mechanisms to trace individuals/entities on list payables were exhaustively used failed to get them, CBMs shall request for writing of payables from RP books of accounts.
- viii. A written off account payables shall be transferred to other revenue account.

b. Contingent liabilities

- i. CBMs shall ensure that a register of contingent liabilities is kept and updated by an official in charge of legal affairs on regular basis.
- ii. The register for contingent liabilities shall at least contain the following elements:
 - 1. Disputes for which legal proceedings are underway – e.g legal suits for breach of contract, any court cases against Rwanda Polytechnic with probably material financial implications.
 - 2. Guarantees to private enterprises. However, Rwanda Polytechnic shall not at any case be the guarantor of any Private company including RP Corporate Ltd.
- iii. Rwanda Polytechnic should not recognize contingent liabilities in its books of accounts rather these should be disclosed as a note in the entity's monthly and annual financial reports.
- iv. Rwanda Polytechnic shall not be required to recognize or disclose provisions for contingent liabilities.



PART III. PROCUREMENT MANAGEMENT OF RWANDA POLYTECHNIC

3.1. INTRODUCTION

3.1.1. General principles

A) Compliance with law applicable in Rwanda

Without prejudice to relevant applicable laws and regulations, the procurement proceedings in Rwanda Polytechnic shall be governed by the following principles:

- Transparency
- Openness
- Economy
- Accountability
- Effective, efficient and fast work

3.2. PRE-TENDERING STAGE

3.2.1. Identification of needs

Not later than May of each year, all departments should in guidance of procurement officer at college level and procurement officers at RP identify the activities which need to be on procurement plan of the next financial year. The needs should reflect the action plan and the budget approved by MINECOFIN.

After the identification of needs, based on the nature of each tender, these documents should be provided not later than 15th July so that the tender be put on procurement plan;

- i) Market survey report prepared by user department
- ii) Signed Technical specifications/Terms of Reference provided by user department
- iii) Feasibility study for works approved by council of RP or other organ entrusted the power at RP level and senior Management Committee of the respective college

3.3. TENDERING PROCESS

3.3.1. Planning and budgeting

Planning and budgeting are the early stage for any procurement proceedings to be successful. RP should ensure that the planned tender has its respective budget in IFMIS. A tender which does not have financial sums allocated to its implementations should not be put on procurement plan. After the initial publication of procurement plan, it is allowed to be revised twice (in second and third quarter).



However, in the interest of the institution and based on the urgency of the tender/activity, the procurement plan can be revised. The urgency of an activity shall be determined and approved by senior management council. An approved procurement plan by DVC-AF at RP and CSDM at college level is published through e-procurement system not later than 31st July of the same financial year.

3.3.2. Preparation and publication of tender document

Based on the technical specifications prepared and signed by user department, procurement officer fills the required information in standard tender document availed by Rwanda Public Procurement Authority (RPPA). The well-prepared tender document is taken to Public Tender Committee for review, then the procurement officer advertises a tender upon approval of Deputy Vice Chancellor in charge of Administration and Finance at Rwanda Polytechnic and Corporates Services Division Managers at College Level. The time period for advertisement of tenders at Rwanda Polytechnic shall always be considered in accordance with time period provided in the prevailing public procurement law and related ministerial orders and guidelines.

3.3.3. Opening and Evaluation

Through e-procurement system, Tender Committee will undertake the evaluation of bids received and to make recommendations for the award of contract. The Tender Committee must be commenced and completed as soon as possible after the bid opening and within the time prescribed by the prevailing procurement regulations and ensure that the award of contract is made within the period of bid validity.

Under this context, the Tender Committee shall conduct the preliminary examination of bids, administrative evaluation, technical evaluation, and the financial evaluation.

3.3.4. Notification

After the evaluation, successful and unsuccessful bidders should be notified the results. The notification should specify the maximum number of days to lodge a complaint as specified in the prevailing procurement law and related ministerial orders and guidelines, if any, before a contract is signed with the successful bidder. Bidder shall not be requested or required, as a condition of awarding a procurement contract that he/she undertakes responsibilities not set out in the tender document.

3.3.5. Due diligence

Before contract signing, RP should do an imperative investigation on the successful bidder including physical visit where needed. This should emphasize on the authenticity of administrative documents and other information provided during tendering process.



3.3.6. Contract negotiation and signing

The successful bidder and the procuring entity must enter into a written procurement contract based on the tender document, the successful bid, any clarifications received, and any corrections provided. Before signing the contract, the successful bidder must provide the procuring entity with the originals of all the documents he/she submitted as copies and a written statement is made confirming that such documents are seen by the procuring entity and that the bidder may exhibit to it at any time needed. The contract is entered into in writing between the procuring entity and the successful bidder. However, a purchase order issued after the conduct of procurement proceedings is considered as a contract according to a threshold established by the public procurement regulations. If the successful bidder fails to enter into a written procurement contract, the procuring entity may award the tender to the qualified bidder that ranked second.

Documents need to be provided to the Chief Budget Manager before the contract signing

Without prejudice of the documents specified in procurement laws and regulations. Before the signing of any procurement contract, procurement officer as it is in his/her mandate should request the approval for final contract or and final amendment contract from Chief Budget Manager. After this request, internal auditor should by provide internal memo testifying that the tendering process was done in compliant way.

The internal memo signed above should contain not limited to the following information:

- i Market survey conducted.
- ii Deadlines respected, if not the reason is supported and documented?
- iii Procurement method used supported.
- iv Securities provided?

3.3.7. Tenders managed at college level

Pursuant to the law No.22/2017 of 30/05/2017 establishing Rwanda Polytechnic Higher Learning Institution and determining its mission, powers organisation and function. Rwanda Polytechnic is mother institution for eight (8) Colleges, this goes hand in hand with the budget management. For the effective monitoring of procurement process and contract management, all tenders whose budget equals to and above Five Hundred Million Rwandan Francs (500,000,000 Rwf) shall be conducted at RP level. This is also applied for any tenders with more than one lot, if the sum of allocated budget for all lots reaches to Five Hundred Million Rwandan Francs (500,000,000 Rwf) should automatically be implemented at RP head office.

3.3.8. Contract management

In accordance with the law on public procurement contract management is part of the responsibility of the Procurement Unit within the procuring entity. However, it must be noted from the outset that the beneficiary department plays a crucial role in contract management. As the department with vested interest in the success of the contract they must play a very big part in receiving the supplies and quality assessment and acceptance. Effective management of contracts is essential to ensure that the objectives



of the procurement process are achieved and that all contractual obligations and activities are completed efficiently by both parties to the contract.

There are many post-contract issues that need to be dealt with, monitored, and resolved before the contract reaches its conclusion including:

- i Contract Effectiveness.
- ii Delivery and Inspections of Goods.
- iii Insurance Claims.
- iv Payments to the Consultant, Supplier or Contractor.
- v Performance Monitoring for Services and Works.
- vi Contractual Disputes.
- vii Delays in Performance.
- viii Claims for Damages.
- ix Initial and Final Takeover of construction works.
- x Installation and Commissioning of Equipment.
- xi Acceptance of Deliverables.
- xii Release of Performance Securities and Retentions.
- xiii Contract Closure.

3.3.9. Contract effectiveness

For the effective management of goods and services contracts, RP and Colleges shall establish contract management committee with the following responsibilities.

- i Monthly meeting for the update on performance of supplier and consultant
- ii Ensure deadlines are respected
- iii Any other issue deemed importance for better execution of contract

Members of contract management Committee

Contract management committee shall be of at least 5 members such as:

- i Contract Managers (2)
- ii Procurement officer
- iii Legal affairs officer
- iv PTC Chairperson

3.4. Harmonization of administrative procurement documents in Rwanda Polytechnic

In scenario where College can find that it is important to request advice or legal opinion from competent authorities like (RPPA) and Ministry of Justice (MINIJUST), it shall be written in the name of the College through Rwanda Polytechnic.



PART IV. INVESTMENT OF RWANDA POLYTECHNIC

4.1. Introduction

Rwanda Polytechnic is governmental institution under the Ministry of Education of the Republic of Rwanda. It has been established under the Law n° 22/2017 of 30/05/2017 establishing Rwanda Polytechnic Higher Learning Institution and Determining its Mission, Powers, Organization and Functioning.

Article 8 paragraph 6 of this law gives RP the power to carry out income-generating activities upon approval by the Council of RP.

The same law in its article 28 paragraph 4 states that the Deputy Vice Chancellor in charge of Administration and Finance has the responsibility to develop mechanisms for the generation of revenues and resources of RP and monitor their use.

The financial investment part of this financial manual aims at providing key guidance on the RP corporate ltd management as RP investment; business relationships between RP corporate Ltd, RP and its colleges (IPRCs); and dividend distribution.

4.2. TYPE OF INVESTMENT

The Rwanda Polytechnic investment portfolio shall be comprising of a single corporation in the names of RP Corporate Ltd, wholly (100%) owned by Rwanda Polytechnic as a single shareholder.

4.2.1. The purpose of RP Corporate Ltd as an investment of RP

The RP corporate Ltd shall be working with Rwanda Polytechnic in the line of fulfilling the following proposes:

- a. To generate income to supplement government ordinary budget allocated to RP,
- b. To provide teachers and students of RP with the opportunity to improve their relevant practical experience as well as create good conducive working environment,
- c. To provide technical expertise, goods and services easily accessible to local communities.
- d. Stimulating entrepreneurial spirit among the Rwanda Polytechnic teaching staff and students.

4.2.2. Governance of RP investment

a. Board of Directors.

The board of directors shall be appointed by Rwanda Polytechnic as shareholder to oversee the whole management of RP corporate Ltd. The RP corporate board membership shall be formulated based on not only specific expertise but also the RP colleges representation. The key responsibilities of board of directors shall be comprising of:



- i To oversee the functioning of the RP Corporate Ltd executive Management and to provide strategic guidance to be followed by the Executive management in fulfilment of its mandate.
- ii To approve long term strategic plans and action plans of the RP corporate Ltd and related reports.
- iii To conclude a performance contract with the RP corporate Executive Management team
- iv To approve the procedures manual and internal rules and regulations of the RP corporate Ltd
- v To approve the draft budget proposal of the RP corporate Ltd and to monitor the use of budget and its execution.
- vi Reporting to shareholders on their stewardship
- vii To take decisions based on the financial reports, on all critical matters under the mission of the RP corporate Ltd.

b. Management team

The power to appoint members of executive management team is delegated to the board of directors of RP corporate Ltd. Members of operating staff of RP corporate Ltd shall be appointed by the RP executive management team council upon approvals by the board of directors.

4.3. Business relationship between RP corporate and Rwanda Polytechnic

The business relationship between RP corporate ltd and Rwanda Polytechnic is reflected in the following terms:

- i The RP corporate Ltd ownership is 100% attributed to Rwanda Polytechnic.
- ii The RP corporate Ltd shall be using the Rwanda polytechnic 'land, infrastructure, machinery, plants and equipment to achieve its mandate.
- iii The RP corporate ltd shall cater for both maintenance and overhead costs emanating from the use of RP and its colleges assets.
- iv The rate of maintenance and overhead cost shall be determined by the board of directors.
- v In the respect with the relevant prevailing public laws, the RP corporate Ltd shall use RP students and technical staff in achieving its mandate.
- vi Remuneration of students and technical staff participating the RP corporate ltd projects shall be determined by the board of directors.
- vii In respect with the relevant prevailing public laws, RP corporate Ltd shall commercialize both invention and products resulted from the practical works in the workshops of RP colleges (IPRCs).
- viii RP corporate Ltd shall work as a collection point of products and inventions of students during practical works.
- ix Transfer prices of products and inventions of students during practical sessions, to the RP Corporation shall be determined by the asset disposal committees at RP Colleges in collaboration with the RP corporation pricing committee.
- x The RP corporate ltd shall provide return on investment to RP as shareholder.



- xi Upon the request by the RP corporate ltd board of Directors, the RP board of governors shall approve key strategic and international projects.
- xii RP Corporate Ltd services provided in the premises of Rwanda Polytechnic shall be granted to staff at reduced/subsidised prices
- xiii Modalities of price reduction/subsidies to RP staff and mode payments shall be determined by the RP corporate Ltd Board of Directors
- xiv Without prejudice to the public procurement laws where possible, RP shall use the RP Corporate Ltd services provided in its premises on internal preference basis and at reduced prices.
- xv Modalities of internal preference treatment and price reduction to Rwanda Polytechnic shall be determined by the RP corporate Board of Directors.

4.4. Dividend distribution

- i RP corporate ltd shall provide dividend on annual generated profits to Rwanda Polytechnic.
- ii The board of directors shall authorize the dividends to be paid to shareholder not later than 30 days after satisfaction of the solvency test.
- iii The dividend ratio shall be determined by shareholder and RP corporate Ltd.
- iv The shareholder may waive his / her entitlement to receive a dividend by a signed written notice to the company management.
- v The basis of allocation of distributed dividend among the colleges, shall be determined by Rwanda Polytechnic.

4.5. Financial reporting of Investment

- i The accounting and financial reporting of Rwanda Polytechnic investment shall be done in accordance with the accounting and financial procedures provided in international financial reporting standards.
- ii Investment in RP corporate ltd shall be disclosed in the RP financial statements
- iii The RP finance unit shall make thorough review of report on investment in RP corporate Ltd before its disclosure in the financial statements.

4.6. Audit of Rwanda Polytechnic Investment

- i The RP investment shall be subject to both internal and external audit.
- ii External audit may be assumed by the office of Auditor General of the state finances and or a hired external auditing firm
- iii Internal Auditor of RP corporate ltd shall carry out audit activities on regular basis and report to the company's Audit committee.
- iv The audit committee of RP corporate shall be established as sub-committee of the Board of Directors.
- v The RP corporate audit committee shall be responsible of the following:
 1. To provide advisory assistance to the management of the RP corporate company on its operational efficiency and effectiveness.



2. To review the financial statement of the RP corporate Ltd.
3. To consider and approving the annual action plan of the RP internal auditor.
4. To consider and reviewing of internal auditor and Auditor General's reports and recommend appropriate actions to be taken in relation with the issues raised and recommendations in those reports.
5. Follow up the RP corporate Ltd management to ensure the implementation of the agreed recommendations within the agreed timeframe.

PART V: ACCOUNTING AND FINANCIAL REPORTING PROCEDURES

5.1.1. Accounting principles

The RP accounts are prepared using accounting principles designed to provide financial statements, which give a true and fair view of financial affairs. The process of preparing accounts, which entails the measurement, aggregation, classification, and presentation of all relevant elements of the financial statements, necessitates selection of appropriate accounting principles to be applied. That selection is guided by the following generally accepted accounting principles:

- i. **Double entry concept:** the accounts are prepared on double entry bookkeeping system. This means that a financial transaction gives rise to two equal and opposite book entries – one debited and the other credited.
- ii. **Going concern concept:** the accounts are prepared on a going concern basis, which means that RP is believed to exist in perpetuity. Because of the going concern basis, the accounts are maintained on a historical cost basis.
- iii. **Consistence concept:** this concept requires consistent treatment of like items and from period to period. For example, if an item were treated as capital expenditure in one period a similar item in another period should treated likewise.
- iv. **Substance over form:** this concept requires that transactions are recognized with due regard to their substance rather than their form. For example, although items of office equipment such as paper trays are technically (form) capital expenditure items, the financial substance involved renders those items to be recognized as revenue expenditure. Similarly, although technically recurrent expenditure, workers' wages on a specific project such as construction of a building are recognized as capital expenditure.
- v. **Materiality and aggregation:** Each material category of items in the financial statements shall be presented separately. Aggregating items of a different nature or function is permitted only if immaterial and with the concurrence of the Accountant General.
- vi. **Offsetting:** Assets and liabilities, and revenue and expenses, shall not be offset.
- vii. **Comparative information:** Comparative prior period information must be presented for all amounts shown in the financial statements and notes to the extent relevant for understanding of the current period's financial statements.



5.1.2. Bases of accounting

RP shall adopt applicable accounting basis provided in prevailing the public financial management manual by the Ministry of Finance and Economic Planning (MINECOFIN).

5.1.2.1. Two main alternatives of bases of accounting exist:

(i) Cash basis of accounting.

Under cash basis of accounting, transactions and events are recognized in the books of accounts only when cash and cash equivalents is received or paid by the entity. Therefore, the transactions and events are recorded in the books of accounts in the period in which the associated cash flows occur.

Cash is defined as the cash on hand, cash at bank and demand deposits. Whereas cash equivalents are defined as short term, highly liquid investments (with maturities of less than three months from the date of purchase) that are readily convertible to known amounts of cash and which are not subject to a significant risk of change in value.

(ii) Accrual basis of accounting.

Under accrual basis of accounting, transactions and other events are recognized in the books of accounts when they occur (and not only when cash or its equivalent is received or paid). Therefore, the transaction and events are recorded in the books of accounts and recognized in the financial statements of the period to which they relate.

5.1.2.2. Modified bases of accounting:

Between cash and accrual bases of accounting other two bases are derived such as Modified cash basis and modified accrual basis.

(i) Modified cash basis

Under the “**modified cash basis**”, the main basis of accounting is cash i.e. for all intents and purposes economic transactions of a reporting entity are measured, recorded, and reported on the basis of cash, with a few exceptions to the general rule, where certain economic events are identified, measured, recorded and reported on, not strictly on receipt or payment of cash, but are “*accrued*”.

(ii) Modified Accrual basis

Under the “**modified accrual basis**”, the main basis of recognizing, measuring, recording and reporting on economic events and transactions is the “*accrual basis*” but the reporting entity has allowed a few exceptions to the general rule, for example certain of its expenses and or income are only recognized on cash payment (cash outflow) or receipt of cash (cash inflow), then the basis of accounting is referred to as “*modified accrual basis*”.

In respect of accrual basis of accounting, RP financial transactions and events shall generally be recognized in the books of account when they occur and not only when cash or its equivalent is received or paid, **except for circumstances otherwise provided** in the public financial manual by the Ministry of Finance and Economic Planning. Notwithstanding with the details under accounting bases above, the RP financial transactions and events shall be treated in the books of accounts as follows:



AP

S/N	Financial Transactions	Basis of Accounting	Recognition points
1.	Exchange revenue transactions. a) Property Income. b) Sales of goods and services. c) Sale of property.	Accrual Basis of Accounting	Recognized when bills/invoices are issued.
2.	Payments received in advance in respect of exchange revenue transactions i.e.: accommodation, tuition fees, etc.	Accrual basis	Accrued as accounts payable if condition is attached and recognize as revenue when condition is fulfilled. In this case, amount is refunded if condition is not met. It should however be noted that, where no condition exists to refund any amount paid e.g. tuition fee to be paid in advance, the amount paid should be recognized as revenue upon receipt.
3.	Non exchange revenue transactions. a) Grants, Transfers, Gifts and Donations. b) Fines, penalties, and forfeits.	Cash Basis of Accounting	Recognized when documentary evidence is obtained for the remittance e.g receipts and a remittance advice or notification. Date of advice to constitute value date of the transaction.
4.	Payroll costs	Accrual basis	Recognized upon approval of the payroll.
5.	Expenditure on goods, services and Works	Accrual basis	Recognized upon acknowledgement of receipt of goods, services
6	Treatment of advance payments/pre-paid expenditure/prepayments to suppliers	Accrual basis	Accrued as receivables at the time of advance payment if payment is to be recovered from future invoices. Payment to be expensed if it is contractual or part of a payment milestone.
7	“Off-payroll” employee expenses e.g. mission allowances	Accrual basis	Recognize upon approval of commitment



8	Annual performance-based bonus	Accrual basis	The amount is determined after staff performance evaluation following the end of the financial year and is usually paid during the period August – December. Transaction will be recognized when the staff performance has been completed and payable bonus has been calculated.
9.	Compensation payments	Accrual basis	Approval of commitments
10.	Payment of membership fees	Cash basis	Recognize upon affecting the payment. i.e., on approval of payment instruction
11.	Imprest advances	Accrual basis	Accrued as receivables at the time of advance and expensed when advance is accounted for upon consumption of goods, services and work done.
12.	Grants, Subsidies and Social Assistance payments	Accrual basis	Recognized upon approval of payment vouchers/payment orders.
13.	Payments in respect of transfers	Cash Basis	recognized upon effecting payment i.e., on approval of payment instruction.
14.	Acquisition of investments by public Entities	Accrual basis	recognized as a non current asset at the point of payment/consideration
15.	Capital expenditures	Cash basis (Transitioning to accrual basis treatment shall be adopted in accordance with updates of PFM by MINECOFIN)	Acquisition and disposal of assets are treated as a payment and receipt respectively
16.	Inventories	Cash basis (Transitioning to accrual basis treatment shall be adopted in accordance with updates of PFM by MINECOFIN)	Inventories are recognized as expenditures when purchased rather than when used.



5.1.3. Chart of Accounts

- i The RP chart of accounts comprises all the accounts in the general ledger, each account accompanied by a code number as provided in the integrated Financial Management Information Systems adopted by the Ministry of Finance and Economic planning (MINECOFIN) for all public entities financial reporting.
- ii The RP shall adopt accounts classification, recording and processing provided by IFMIS; hence its accounts be classified into five classes:
 - 1. Revenues.
 - 2. Expenditures.
 - 3. Assets.
 - 4. Liabilities; and
 - 5. Accumulated reserves

5.2. Accounting Cycle

- i In line with accounting best practice, the RP accounting cycle shall last for twelve-month period, beginning the 1st of July and ending the 30th of June of every year.
- ii During the entire cycle, the Director of Administration and Finance shall supervise the daily recording and processing of financial transactions in the accounting system.
- iii The Director of Administration and Finance shall review and approve processed transaction before being sent to the next step.
- iv Corporate Services Division Managers, review and approve processed transactions and financial reports thereof, and send them to RP for consolidation.
- v The RP accounting cycle shall comprise the following key activities:





5.2.1. FINANCIAL REPORTING

- i. It is the responsibility of the Chief Budget managers (CBMs) of Rwanda Polytechnic to ensure that a complete set of financial reports is produced and provided to all stakeholders in a timely manner including narrative explanations of different RP projects.
- ii. Deputy Vice Chancellor in Charge of Administration and Finance as CBM at RP shall prepare and submit monthly financial statements to the Ministry of Finance and Economic Planning by the fifteenth (15th) day of the following month.
- iii. Corporate Services Division managers as CBMs at RP colleges, shall prepare and submit monthly financial statements to RP head office for consolidation by tenth (10th) day of the following month.
- iv. The CBMs shall ensure that quarterly financial reports are prepared, approved by competent authority, and submitted to the Ministry of Finance and Economic Planning (MINECOFIN) in not more than one (1) month after the end of quarter.



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- v. The RP financial reports shall be presented in accordance with the International Public sector accounting standards (IPSAS); they should reflect information about funds disbursed through RP and its Colleges accounts in the line with planned budget.

5.2.2. CONTENTS OF FINANCIAL STATEMENTS

In compliance with International Public Sector Accounting Standards (IPSAS) - IPSAS 1, the RP financial statements shall include:

1. A Statement of financial position
2. A Statement of financial performance
3. A Statement of Cash flow
4. A statement of changes in net Assets
5. Statement of comparison of budget versus actual
6. Trial Balance
7. Notes to the Financial Statements
8. Disclosure notes and schedules relevant to enhancing fair presentation of the statements.
9. Notes in respect of significant accounting policies and accounting standards underlying the preparation of financial statements

In compliance with the PFM provisions on the timely preparation of accurate and well-presented financial statements, Financial Statement should be readily prepared, reviewed and approved by the competent authority.

- i At RP colleges (IPRCs), financial statements are prepared by accountant; reviewed by the Director of Administration and Finance; and approved by the corporate Services Division Managers
- ii At RP head office, consolidated financial statements shall be prepared by Accountant; reviewed by Director of Administration and Finance; and approved by the Deputy Vice Chancellor in charge of Administration and Finance.

5.2.3. FINANCIAL REPORTING PROCEDURES

a. *Preparation of monthly and quarterly financial statements*

The RP and its colleges accountants under supervision of Director of Administration and Finance, from the General ledger prepare a set of the following financial statements on monthly/quarterly basis:

1. Statement of financial position
2. Statement of financial performance
3. Statement of Cash flow
4. Statement of changes in net Assets
5. Statement of comparison of budget versus actual
6. Trial Balance
7. Bank reconciliation
8. Notes to the Financial Statements
9. Disclosure notes and schedules relevant to enhancing fair presentation of the statements.



10. Notes in respect of significant accounting policies and accounting standards underlying the preparation of financial statements
11. Implementations of OAG recommendations

b. Preparation of annual Financial Statements

- i For an orderly and timely preparation of annual financial statements, the RP Chief budget manager set a clear plan to close all books of accounts before the year end; 15 days before 30th June.
- ii The RP CBM's instructions to carry out inventory of both fixed assets and stock items shall be circulated to colleges and projects not later than 10th day of June.
- iii RP, its colleges and projects shall start inventory activities on 15th day of June.
- iv RP, its colleges and projects shall extract the first trial balance on 30 June.
- v Review of bank reconciliation statement of May should be done before 15th day of June for early investigation for differences if any.
- vi All adjustments shall be done before 30th day of June.
- vii The RP CBM shall ensure that all year-end financial statements are fully prepared and presented to senior management council before 31 July.
- viii The RP financial reports shall always be reviewed and approved by the board of governors before any distribution to stakeholders

c. Reporting Currency

- i As per the requirement of the public financial management manual by the Ministry of Finance and Economic Planning (MINECOFIN), the RP financial reporting currency shall be the Rwandan franc.
- ii All foreign currency transactions are recorded, on initial recognition, in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- iii The applicable spot exchange rates shall be those provided by the National Bank of Rwanda (BNR) unless the foreign currency transaction involves another bank/financial institution in which case the rate quoted by that institution shall be used.
- iv All resulting exchange losses shall be recorded and recognized as recurrent expenditure while the exchange gains shall be recognized as recurrent revenue



PART VI. INTERNAL AUDIT AND CONTROLS



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6.1. Introduction

In line with article 4 of Ministerial Order N° 003/17/10/TC of 27/10/2017 setting out regulations for Internal Audit and Audit Committees in Public Entities, Rwanda Polytechnic shall establish an Internal Audit Unit to carry out internal audit activities and ensure that necessary controls are put in place to assist RP achieving intended objectives.

6.1.1. Objectives of internal audit at Rwanda Polytechnic

The RP internal audit shall be undertaken on regular basis to achieve the following objectives:

- i. Promoting appropriate ethics and values within Rwanda Polytechnic.
- ii. Ensuring effective organizational performance.
- iii. Communicating risk information and its control in the whole Rwanda Polytechnic management process.
- iv. Coordinating the activities of the audit and communicate information among the Board of Directors, external and internal auditors, and management.

6.1.2. Mission of internal audit function at Rwanda Polytechnic

The mission of internal audit function/unit in Rwanda Polytechnic shall be:

- i. To enhance and protect the value of Rwanda Polytechnic by providing risk and objective assurance.
- ii. To provide advice to Rwanda Polytechnic on its statutory and fiduciary responsibilities by providing an independent, objective, and systematic evaluation of whether RP's risk management, control, and governance processes, are properly designed, comply with laws and regulations and that operations are effective and efficient in the light of achieving Rwanda Polytechnic objectives.

6.1.3. Types of audit engagements at Rwanda Polytechnic

In accordance with policies and regulations governing internal audit function in the public entities, Rwanda polytechnic Internal auditors' engagements shall include but not limited to the followings:

- i. Systems audit.
- ii. Financial audit.
- iii. Performance and operational audit;



- iv. Compliance audit.
- v. Audit of information technology systems.
- vi. Fraud investigations.
- vii. Special audits such as due diligence.
- viii. Audit of risk management processes.
- ix. Corporate governance reviews.
- x. Management audit.
- xi. Quality audit.
- xii. Information systems security assessment.
- xiii. Ethics audit.

6.2. Risk Assessment and Audit Plans

6.2.1. Risk based audit approach

- i. The Government of Rwanda has adopted a “Risk based audit” to ensure the limited resources available are directed to areas of greater risk to achievement of organisational objectives. This helps to prioritise limited audit resources. In view of the above, Rwanda Polytechnic shall adopt a “Risk based internal audit”.
- ii. The Rwanda Polytechnic Chief Budget manager shall ensure that a risk management team/committee is appointed to identify, analyzed potential risks in the whole RP management processes and recommend the forward including both preventive and correction measures.
- iii. Internal auditors shall be appointed as permanent member and secretary of the risk management team/committee.

6.3. Annual Planning Process

Risk based audit methodology links internal auditing to the Rwanda Polytechnic’s overall risk management framework and allows the internal audit function to provide assurance whether the risk management processes are managing risks effectively, in relation to the risk appetite.

6.3.1. The purpose of the audit plan at Rwanda Polytechnic

During planning sessions, Internal auditors shall also establish a comprehensive audit plan indicating all audit assignments/engagements that will be carried out throughout the financial year. This plan kept being updated to consider particularities of assignment to be undertaken. Before starting an audit assignment, internal auditor should plan. Rwanda Polytechnic Internal audit plan shall comprise of:

- i. The audit areas, departments, or processes to be covered.
- ii. The level of resources required to implement the audit plan.
- iii. The staff resources and other resources available, expected, and budgeted.
- iv. The resource gap if any, including proposals on how this gap could be dealt with, and the risks consequences arising if the proposals are not able to be implemented.



v. A summary of capacity building that is planned to take place during the period.

6.3.2. Where the Rwanda Polytechnic's management has performed its own risk assessment internal audit may choose to rely on risk registers. However, when it happens that RP management is not yet undertaking risk assessment steps, Internal Audit function shall conduct an annual risk assessment to establish its annual audit plans.

The following steps will be followed in conducting annual risk assessments:

i. Identification of the Audit Universe

Internal audit shall identify all budget lines, departments, programs, systems, assets, resources and processes that are within internal audit potential scope. New activities, organizations and programs and changes within the existing organization or operating units which may impact the audit universe is considered.

The RP senior management should be consulted, and budgets and strategic and operational plans reviewed to identify key Rwanda Polytechnic objectives.

ii. Grouping of Audit Universe into Manageable Auditable Units

All the potential audit universe and elements of Rwanda Polytechnic shall be grouped into units that would likely produce meaningful findings for top management and that would be of such size and scope that an audit engagement could be practically conducted within a reasonable time frame or cycle of coverage.

iii. Risk Assessment of Manageable Auditable Units

Each auditable unit shall be assessed and ranked based on its significance to the achievement of the Rwanda Polytechnic's objectives, its complexity in terms of ensuring that intended outcomes are achieved, and its sensitivity in terms of the public or the intended beneficiaries.

The following steps will be followed to assess the risks in each auditable unit.

a) Understanding the processes and objectives

Assessment of each auditable unit risk assessment begins with an understanding of the Rwanda Polytechnic's units, activities, or processes.

b) Identifying risks

Rwanda Polytechnic's strategic, financial, operational, regulatory, and reputational risks at both RP wide and operational level are identified. Risks whether from external or internal sources are categorized using a suitable risk model.

Information on risks will be gathered through:



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- i. From interviews of top management.
- ii. By consulting external audit.
- iii. By reviewing recent audit reports.
- iv. From planning documents such as budgets, strategic plan etc.
- v. From the external environment; and,
- vi. From other stakeholders.

c) Risk analysis

Inherent risk assessment - Risks should be identified and assessed before considering the controls Rwanda Polytechnic management has put place.

Residual risk assessment - The controls to mitigate the risks are mapped and their effectiveness considered in determining the residual risk rating based on management's perception and the auditor's professional judgement.

Where Rwanda Polytechnic management has implemented a risk management framework, internal auditors shall rely on the risk assessment conducted by management in developing internal audit plans.

Individual risks are profile by combining the estimated risk likelihood and impact to give the significance of each risk. Risks shall be assessed as high, medium, or low.

High- A fundamental objective is not met or there is a critical weakness in controls. Resolution would help avoid a potentially critical negative impact involving loss of material assets, reputation, critical financial information, or ability to comply with the most important laws, policies, or procedures.

Medium - An important objective is not met or there is a significant weakness in controls.

Resolution would help avoid a potentially significant negative impact on the RP's assets, financial information, or ability to comply with important laws, policies, or procedures.

Low - Objectives are mostly met but further enhancement of the control environment is possible. Resolution would help improve controls and avoid problems in the RP's operations.

Individual risk scores are grouped for each auditable area (process) to give the relative significance of each auditable area in the audit universe.



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Internal Auditors at RP shall consider the risk assessments conducted by management when preparing the annual audit plan.

iv. Rwanda Polytechnic Three Year Strategic Audit Plan

A rolling three-year strategic audit plan shall be developed by the Internal Auditor in collaboration with management and approved by the Rwanda Polytechnic Board of Directors. The plan shall consider the following factors:

- i. Existing controls
- ii. Expertise of management
- iii. Historical problems
- iv. Interval since the last audit review
- v. Conditions found during recent reviews
- vi. Adherence to the budget
- vii. Complexity of operations and technology
- viii. Overall effectiveness and efficiency of operations

Other considerations for selecting assignments include:

- a) Audits requested by management and Board of Directors
- b) Emerging issues
- c) High monetary value
- d) Follow up audit (on high-risk recommendations).

v. Prioritization of audit assignments in Annual risk-based audit plan

Audit assignments shall be proposed for areas that will be of higher or moderate risk and that can be performed with the available resources. Carrying over assignments that are in progress and will be completed during the period of the audit plan indicating the remaining number of man days required to complete the assignment. The available audit resources and the frequency of audits should also be considered.

The following minimum information should be included in the annual audit plan:

- i.) Name of the entity and audit area.
- ii.) Risk assessment rating.
- iii.) Objective of the assignment
- iv.) Quarter or month assignment will be performed.
- v.) Estimated number of man-days required based on the size and complexity of the area to be audited.



vi. Approval of the Annual Audit Plan

- a) The Internal Auditor shall submit audit plans to the top management for review and Board of Directors for approval by 31st July of each fiscal year.
- b) The Internal Auditor should send a copy of the approved audit plan to the Government Chief Internal Auditor.
- c) The Internal Auditor shall submit any proposed significant change in audit scope or objectives, to add or cancel an assignment, or to increase the budgeted days of an assignment by 25 per cent or more to the top management or / and Board of Directors for approval.
- d) The Internal Auditor shall review the plan to ensure inter alia that:
 - i. The assignments are justified based on risk registers.
 - ii. The selection of assignments from other sources is justified.
 - iii. The annual audit plan is achievable, and the Internal Auditor has the competencies required to conduct the assignments.
 - iv. The total audit man days available to the Internal Audit function have been fully utilized.
 - v. There is no duplication with oversight areas proposed by the Auditor General's Office.
 - vi. Priority is given to higher risk areas in the earlier years of the work plan; and
 - vii. There is an appropriate mix of audits of focus areas scheduled in a particular year.

vii. Resource Planning

Once the annual plan is approved, resource plans should be developed to ensure available resources are optimally utilized. *Resource calendar or Chronogram* should be prepared showing the scheduling of resources and projects and allocated man days.

The resource plan shall also show where Internal Audit plans to rely on the work of other auditors for certain aspects of the internal audit responsibilities. For example, due to skills gap, an Internal Audit function at Rwanda Polytechnic may plan to procure the support of the auditors from the Office of the Government Chief Internal Auditor to perform part of its audits or outsource.

6.4. Audit Engagement Cycle

This section describes the procedures to be followed in the audit engagement cycle.

6.4.1. Assurance engagement cycle at Rwanda Polytechnic

A well conducted assurance engagement is carried out through 4 fundamental phases as illustrated below:



Phase 1: Risk based audit engagement planning:

- i. Understand the Rwanda Polytechnic's objectives and operations
- ii. Defining audit objectives and scope
- iii. Selecting key areas of inquiry and key controls
- iv. Evaluate the adequacy of control design
- v. Developing of audit plan and program

Phase 2: Performing the engagement:

- i. Hold opening meeting
- ii. Identifying sources of audit evidence
- iii. Gathering audit evidence
- iv. Documenting audit evidence
- v. Analyzing audit evidence
- vi. Forming preliminary audit findings
- vii. Hold exit meeting

Phase 3: Communicating the engagement outcomes:

- i. Prepare and submit the draft internal audit report.
- ii. Hold closing meeting
- iii. Getting written management comments
- iv. Prepare and submit the final internal audit report.

Phase 4: Internal Audit Monitoring

- i. Follow up survey and tests
- ii. Reporting on implementation status
- iii. Forensic, consulting, and other audit assignments will follow a separate approach.

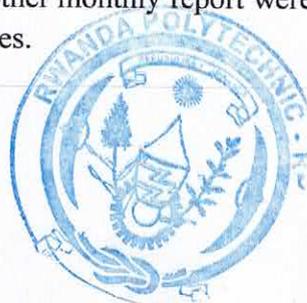
6.5. Organization and reporting lines of Rwanda Polytechnic Internal Auditors

In accordance with the standard for the professional Practice of Internal Auditing, Internal audit function of Rwanda Polytechnic shall be organized in a manner that allows necessary level of independence to the internal auditors.

Internal auditors in the Rwanda polytechnic shall have dual reporting lines:

1. Functional reporting line

- i. Functionally, Internal auditors at colleges shall report the Vice chancellor and give copies to the college senior management. Nevertheless, it is the quarterly consolidated report that will be submitted to the vice chancellor's office while all other monthly report were submitted to the college's principal for immediate corrective measures.



- ii. Functionally, Internal auditor at Rwanda Polytechnic headquarters shall report to the board of Directors with copies to RP vice chancellor's office. The RP internal auditors report shall consolidate all reports from all college's internal auditors plus the summary audit work carried out at headquarter offices.

2. Administrative reporting line

Administratively, internal auditors at colleges and Head office report to the to the Vice Chancellor.

6.6. Internal Controls at Rwanda Polytechnic

Internal control at Rwanda Polytechnic shall be referred as an integral process that is put in place by management and personnel and is designed to address risks and to provide reasonable assurance that in pursuit of Rwanda Polytechnic's mission, the following general objectives are being achieved:

- i. Executing orderly, ethical, economical, efficient and effective operations.
- ii. Fulfilling accountability obligations.
- iii. Complying with applicable laws and regulations.
- iv. Safeguarding resources against loss, misuse, and damage.

Internal control is a dynamic integral process that is continuously adapting to the changes Rwanda Polytechnic is facing. Management and personnel at all levels must be involved in this process to address risks and to provide reasonable assurance of the achievement of Rwanda Polytechnic's mission and general objectives.

6.6.1. Control Activities at Rwanda Polytechnic

Control activities are the policies and procedures established to address risks and to achieve the Rwanda Polytechnic's objectives. To be effective, control activities must be appropriate, function consistently according to plan throughout the period, and be cost effective, comprehensive, reasonable, and directly relate to the control objectives.

Control activities occur throughout Rwanda Polytechnic, at all levels and in all functions. They shall include a range of detective and preventive control activities; some controls shall be the following:

- i. Authorization and approval procedures.
- ii. Segregation of duties (authorizing, processing, recording, reviewing)
- iii. Controls over access to resources and records.
- iv. Verifications.
- v. Reconciliations.
- vi. Reviews of operating performance.



vii. Reviews of operations, processes, and activities.

viii. Supervision (assigning, reviewing, and approving, guidance and training).



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APPENDIX

1. Goods received Note

Rwanda Polytechnic IPRC:..... GOODS RECEIVED NOTE No:.....Date:..... Received against Purchase Order No:..... We acknowledge receipt of the following goods from:.....				
Item	Particulars	Unit	Quantity	Remarks
1	Diesel	Litres	5000	
2	Tyre 1800x70ply25	Piece	1	
3	Lubricants	Litres	40	
4	Overall	Piece	30	
Received by: 1. Logistics officer :..... Signature..... 2. StoreKeeper:.....Signature..... 3. End user department:.....Signature..... 4. Receiving Team member:.....Signature.....				



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Cash Count Form			
Date: DD MM 201x			
Currency: Frw			
Authorised cash threshold (maximum cash allowed) _____ Frw 500,000 _____			
	Denomination	Number	Total Value
Notes	5,000	XX	XX
	2,000	XX	XX
	1,000	XX	XX
	500	XX	XX
	100	XX	XX
Coins	100	XX	XX
	50	XX	XX
	20	XX	XX
	10	XX	XX
	5	XX	XX
	1	XX	XX
Total amount of cash counted (a)			
Add petty cash advances outstanding (b)			XX
Total cash in hand (c = a+b)			XX
Cash balance as per cash book (Sage Pastel) (d)			XX
Difference (e = c-d)			X
Action required/ explanation for the difference : xxxxxxxx			
Name	Signature	Date	
Cash counted by	xxxxx : (Director of Finance)	DD MM 201X	
Agreed by	xxxxx : (Cashier/accountant incharge of petty cash)	DD MM 201X	



4. Asset Requisitioning Form

Rwanda Polytechnic

Kigali...../Year:.....

IPRC.....

Address :

Tel: Fax: E-

mail:

REQUISITIONING UNIT:..... ASSET

REQUISITION VOUCHER NO...../YEAR

NO	ITEM (DESCRIPTION OF ASSET AND TAG	QUANTITY REQUISITIONED	QUANTITY RECEIVED	OBSERVATION

REQUESTED BY:

Head of Unit

FOR APPROVAL

DIRECTOR OF FINANCE AND ADMINISTRATION

ISSUED OUT BY:

LOGISTICS AND MAINTENANCE OFFICER

RECEIVED BY:.....



RP

5. Asset Handover Form

Kigali,/...../YEAR

RP-IPRC:.....

Fax: E-mail:

NON CURRENT ASSETS HANDOVER FORM No:.....

Name of staff: _____

Designation of staff: _____

Unit: _____

Ref	Asset	Asset code	Unit	Location	Comments on the condition of the asset
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					

HANDOVER BY:

IMMEDIATE SUPERVISOR

RECEIPT AND INSPECTION OF ASSET

BY LOGISTICS AND MAINTENANCE OFFICER

.....

.....

.....

NAME AND SIGNATURE

NAME AND SIGNATURE

NAME AND SIGNATURE



B

8. Asset transfer form for transfer of assets between units/departments

No	Office furn./equipment		IT and Computer Equipment		Current location and unit		New Location and unit		Comments/reason for transfer
	Description	Tag Number	Description	Tag Number	User	Condition	User	Condition	

TRANSFERRING UNIT

Returned by (Current user)

.....Date.....

Approved by Head of Unit

.....Date.....

RECEIVING

**UNIT Received by
(New user).....**

**Approved by Head of
Unit.....**

.....Date.....

**FINANCE
DEPARTMENT**

**Reviewed by by Logistics
Officer.....**

.....Date.....

**Authorised by Director of Finance and
Administration.....**

Date.....



(Handwritten mark)

9. Asset transfer form for transfer of assets between RP Colleges

ISSUING/TRANSFERRING COLLEGE									RECEIVING COLLEGE	
Date of Acquisition Improvement	Supplier & Invoice no	Description of Asset	Tag/Code No.	Purchase Price	Useful life of asset	Physical Location of Asset	User of the Asset/Unit allocated the asset	Condition of the Asset	Confirmation receipt of asset	Condition of the asset received

ISSUING/TRANSFERRING COLLEGE

Prepared by Logistics and Maintenance Officer:

.....Date.....

Reviewed by Director of Finance and Administration

.....Date.....

Approved by Chief Budget Manager

.....Date.....

RECEIVING COLLEGE/UNIT

Prepared by Logistics and Maintenance Officer

.....Date.....

Reviewed by Director of Finance and Administration

.....Date.....

Approved by Chief Budget Manager

.....Date.....



RP

10. Asset disposal form

ASSETS FOR DISPOSAL									APPROVAL OF	
Date of Acquisition Improvement	Supplier & invoice no	Description of Asset	Tag/Code No.	Purchase Price	Useful life of asset	Physical Location of Asset	User of the Asset/Unit allocated	Condition of the Asset	Approved/ Not Approved	Comments

ISSUING/TRANSFERRING COLLEGE

Prepared by Logistics and Maintenance Officer
Date.....

Reviewed by Director of Finance and Administration
Date.....

Approved by Chief Budget Manager
Date.....



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13. Gate Pass form for asset moved out RP premises by RP Corporate Ltd



RP CORPORATE
 P.O. BOX 164, Kigali
 TEL: 0788401067
 TIN.VAT: 120131459
 Kicukiro –City of Kigali

GATE PASS

Production site:
 Project Title:
 Client/Customer :
 Client contact.....
 Date:.....

S/N	ITEM	Specification	Unit/Count	Qty	Reason
1					
2					

Prepared by:	Verified by	Approved
Technician	Production site Manager	Director of Administration & Finance
ON RETURN:		Corporate service Division Manager
Applicable	YES NO	
Verified by: Logistic Officer		



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