

**NATIONAL ELECTORAL COMMISSION
(NEC)**

Audit Report and Audited Financial Statements

For the year ended 30 June 2023

OAG Core Values

Integrity

In public Interest

Innovation

Objectivity

Professionalism

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1. BACKGROUND, MANDATE AND GOVERNANCE

The National Electoral Commission (NEC) was established by Law N° 39/2000 of 28 November 2000 as amended by Law N° 31/2005 of 24 December 2005. Its establishment was reaffirmed by article 140 of the Constitution of the Republic of Rwanda. NEC is currently regulated by Law N° 38/2013 of 16/06/2013 modifying and complementing Law N° 31/2005 of 24/12/2005 relating to the organization and functioning of NEC.

1.1. Mandate of NEC

NEC is independent and it is responsible for preparing and organizing, grassroots, Parliamentary and Presidential elections, referendum and other elections the law may determine for the Commission.

The Commission also verifies whether the elections are conducted in a free and transparent manner.

According to article 1 of Law N° 38/2013 of 16/06/2013 modifying and complementing Law N° 31/2005 of 24/12/2005 relating to the organization and functioning of NEC, the latter is mandated to:

- prepare, conduct and supervise elections;
- establish electoral constituencies;
- establish the Commission branches in the Provinces and Kigali City, Districts and Sectors within a period not exceeding forty-five (45) days before polling day and appoint members of the Electoral College, give them instructions, receive their reports and supervise them during elections;
- prepare and provide civic education on elections;
- monitor, announce and publish in writing election results;
- put in place strategies to ensure elections are free and transparent;
- participate in elaboration of the draft laws governing elections that the Commission is responsible for organizing and conducting;
- carry out any other electoral activities provided for by the Law.

1.2. Vision of the entity

Being an Election Management Body (EMB) that continuously strengthens and sustain democracy through upholding an atmosphere of trust, increasing the level of national participation, and regular and credible elections in the country, within an electoral system that adapts to the changes of the society and meets voters' expectations and needs.

1.3. Mission of the entity

Organizing and conducting free, fair and transparent elections while preparing and providing regular electoral civic education aimed at promoting democracy and good governance in Rwanda.

1.4. Organizational structure

According to article 6 of Law N° 31/2005 of 24/12/2005 relating to the organization and functioning of National Electoral Commission/NEC, the Commission is composed of the following organs:

- The Council of Commissioners;
- The Bureau of the Commission;
- The Executive Secretariat.

1.4.1. Council of Commissioners

According to article 2 of Law N° 38/2013 of 16/06/2013 modifying and complementing Law N° 31/2005 of 24/12/2005 relating to the organization and functioning of NEC as modified and complemented to date, the Council of Commissioners is composed of seven (7) members. The Commissioners have a term of office of five (5) years, which may be renewed only once.

The Commissioners of the Council serving during the year ended 30 June 2023 to the time of the audit in April 2024 were as follows:

Names	Position	Period
GASINZIGWA Oda	Chairperson	From 15 February 2023 to date
KALISA MBANDA	Chairperson	From 04 October 2017 to 13 January 2023
MUTIMUKEYE Nicole	Vice Chairperson	From 14 August 2020 to date
NTIBIRINDWA Suedi	Commissioner	From 04 October 2017 to 04 October 2022
UMWALI Carine	Commissioner	From 15 February 2023 to date
NYIRAMADIRIDA Fortunée	Commissioner	From 16 September 2022 to date
MBABAZI Judith	Commissioner	From 29 July 2022 to date
UWERA KABANDA Françoise	Commissioner	From 14 August 2020 to date
SEMANYWA Faustin	Commissioner	From 14 August 2020 to date

1.4.2. Bureau of the Commission

The Bureau of the Commission consists of the Chairperson, Vice Chairperson of the Council of Commissioners and the Executive Secretary of NEC.

1.4.3. Executive Secretariat

According to NEC organisational structure instituted by article 2 of the Prime Minister's Order N° 38/03 of 09/02/2017 determining the organisational structure, salaries and fringe benefits for employees of NEC, the Executive Secretariat is made up of the Executive Secretary, Deputy Executive Secretary and two (2) units headed by Directors. The members of the Executive Secretariat carry out and manage day-to-day activities of NEC and technically the running of the electoral process.

The units under NEC are as follows:

- Information, Communication and Technology (ICT) Unit; and

NATIONAL ELECTORAL COMMISSION (NEC)
BACKGROUND, MANDATE AND GOVERNANCE

- Administration and Finance Unit.

The management team members who held office during the year ended 30 June 2023 to the time of the audit in April 2024 were as follows:

S/N	Names	Position	Period
1	MUNYANEZA Charles	Executive Secretary	From 15 April 2009 to date
2	MUKARURANGWA Immaculée	Deputy Executive Secretary	From 13 September 2016 to date
3	NIYONSHUTI KAGABA Etienne	Director of Administration and Finance	From 10 October 2007 to date
4	SHEMA Mike	Director of ICT	From 14 October 2011 to date

2. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Article 78 of the Organic Law N° 002/2022 OL of 12/12/2022 on Public Finance Management requires each public sector entity to submit its annual financial statements to the Minister with a copy thereof to the Auditor General of State Finances within forty-five (45) days following the end of the fiscal year.

Article 20 of the Organic Law N° 002/2022 further stipulates that the Chief Budget Manager is responsible for maintaining accounts and records of the budget agency, preparing reports on budget execution, managing the financial resources for the budget agency effectively, efficiently and transparently, ensuring sound internal control systems in the budget agency and safeguarding the public property held by the budget agency.

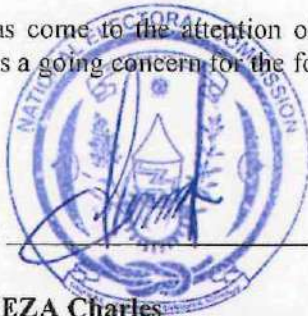
As Chief Budget Manager, I accept responsibility for the annual financial statements, which have been prepared using appropriate accounting standards applicable to public entities as determined by Article 99 of the Ministerial Order N° 001/16/10/TC of 26/01/2016 relating to financial regulations.

These financial statements have been extracted from the accounting records of **National Electoral Commission (NEC)** and the information provided is accurate and complete in all material respects. The financial statements also form part of the consolidated financial statements of the Government of Rwanda.

In my opinion, the financial statements give a true and fair view of the state of the financial affairs of **NEC**. I further confirm that **NEC** maintained proper accounting records which can be relied upon in the preparation of financial statements. I also confirm that adequate systems of internal control were maintained and operated effectively during the year to safeguard the assets of the budget agency.

Nothing has come to the attention of management to indicate that **NEC** will not continue operating as a going concern for the foreseeable future.

Signature: _____



MUNYANEZA Charles
Executive Secretary
National Electoral Commission (NEC)

Date: _____

22/04/2024

3. REPORT OF THE AUDITOR GENERAL

REPORT ON THE FINANCIAL STATEMENTS

Mr. MUNYANEZA Charles
Executive Secretary
National Electoral Commission (NEC)

3.1 Opinion

As required by Article 166 of the Constitution of the Republic of Rwanda, and Articles 6 and 14 of Law N° 79/2013 of 11/09/2013 determining the mission, organization and functioning of the Office of the Auditor General of State Finances (OAG), I have audited the financial statements of **National Electoral Commission (NEC)** for the year ended 30 June 2023. These financial statements comprise the statement of financial position as at 30 June 2023, and the statement of financial performance, the statement of cash flows, the statement of changes in net assets and the statement of budget execution for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements are set out on pages 8 to 26.

In my opinion, NEC financial statements which comprise of its financial position as at 30 June 2023, its financial performance and its cash flows for the year then ended were prepared in compliance with the Ministerial Order N° 001/16/10/TC of 26/01/2016 relating to financial regulations and Organic Law N° 002/2022 OL of 12/12/2022 on Public Finance Management.

3.2 Basis for opinion

I conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under ISSAIs are described in section 3.4 of this report.

I am independent of **National Electoral Commission (NEC)** and have fulfilled my ethical responsibilities in accordance with the ethical requirements that are relevant to my audit of financial statements of public entities as determined by the *Code of ethics* for International Organization of Supreme Audit Institutions (INTOSAI). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

3.3 Responsibilities of management and those charged with governance for the Financial Statements

According to Organic Law N° 002/2022 OL of 12/12/2022 on State Finances and Property, management of **National Electoral Commission (NEC)** is responsible for keeping accounting records and books of account, and preparation of financial statements in accordance with the financial regulations prescribed by the Minister in Ministerial Order n° 001/16/10/TC of 26/01/2016 relating to financial regulations. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing NEC's ability to continue as a going concern, disclosing, as applicable, matters

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AUDIT REPORT ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

related to going concern and using the going concern basis of accounting unless Government either intends to discontinue operations of NEC.

Those charged with Governance of this Commission are the commissioners of the Council. They are responsible for overseeing NEC's financial reporting process.

3.4 Auditor General's Responsibilities for the financial statements

My objective when conducting an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Misstatements can arise from fraud or error and are considered material if individually or in aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these financial statements.

An audit conducted in accordance with ISSAIs requires an auditor to exercise professional judgment and maintain professional skepticism throughout the audit and involves:

- The identification and assessment of the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform procedures responsive to those risks and to obtain sufficient and appropriate audit evidence to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of internal control.
- Evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on NEC's ability to continue as a going concern as well as evaluating the presentation of the financial statements.
- Evaluation of the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieved fair presentation.

KAMUHIRE Alexis
AUDITOR GENERAL

KIGALI22nd April.....2024



NATIONAL ELECTORAL COMMISSION (NEC)
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4. FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

Description	Notes	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
Revenues			
Transfers from National Treasury	1	2,435,837,568	2,811,972,044
Other revenue	2	334,952	-
Total revenue		2,436,172,520	2,811,972,044
Expenses			
Wages, salaries and employee benefits	3	479,236,935	555,567,368
Goods and services	4	1,902,809,977	2,133,416,875
Capital expenditure	5	19,413,200	108,083,220
Transfer to reporting entities	6	1,181,440	1,789,280
Social assistance	7	17,820,574	12,000,000
Other expenses	8	8,228,583	6,542,870
Total expenses		2,428,690,709	2,817,399,613
Other gains and losses		-	-
Surplus/Deficit for the period		7,481,811	(5,427,569)

The notes on pages 13 to 26 form an integral part of the financial statements.

NATIONAL ELECTORAL COMMISSION (NEC)
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4.2 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

Description	Notes	Balance as at 30 June 2023	Balance as at 30 June 2022
		Frw	Frw
Assets			
Current assets			
Cash and cash equivalents	9	-	-
Receivables from exchange transactions	10	2,092,160	5,171,934
Prepayment and other current assets		11,526,564	
Total current assets		13,618,724	5,171,934
Equity and liabilities			
Current liabilities			
Current accounts payable	11	2,712,036	8,364,884
Tax liabilities	12	505,047	882,785
Total current liabilities		3,217,083	9,247,669
Equity/ Net assets			
Accumulated opening balance		(4,075,735)	(16,665,795)
Adjustments made during the period	13	6,995,565	18,017,629
Deficit for the period		7,481,811	(5,427,569)
Total equity/net assets		10,401,641	(4,075,735)
Total liabilities and net assets/Equity		13,618,724	5,171,934

The notes on pages 13 to 26 form an integral part of the financial statements.

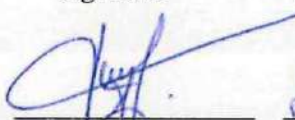
The Financial Statements were approved by NEC management and was signed on its behalf by:

Prepared by: UWIMANA Solange
Accountant


Signature


22/04/2024
Date

Checked by: NIYONSHUTI KAGABA Etienne
Director of Administration and Finance


Signature

22/04/2024
Date

Approved by: MUNYANEZA Charles
Chief Budget Manager


Signature

22/04/2024
Date

4.3 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

Description	12 months to 30 June 2023	12 months to 30 June 2022
	Frw	Frw
Cash flow from operating activities		
Receipts		
Transfers from National Treasury	2,435,837,568	2,811,972,044
Other revenue	334,952	-
Total receipts	2,436,172,520	2,811,972,044
Payments		
Wages, salaries and employee benefits	(479,236,935)	(555,567,368)
Goods and services	(1,902,809,977)	(2,133,416,875)
Transfer to reporting entities	(1,181,440)	(1,789,280)
Social assistance	(17,820,574)	(12,000,000)
Other expenses	(8,228,583)	(6,542,870)
Payment for operating expenses	(2,409,277,509)	(2,709,316,393)
Adjusted for	-	-
Changes in inventory	-	-
Changes in receivables	(8,446,790)	(4,312,140)
Changes in payables	(6,030,586)	(8,277,920)
Prior year adjustments	6,995,565	18,017,629
Foreign Currency Exchange differences	-	-
Net cash flow from operating activities (A)	(19,413,200)	108,083,220
Cash flows from investing activities		
Capital expenditure	(19,413,200)	(108,083,220)
Net cash flow used in investing activities (B)	(19,413,200)	(108,083,220)
Net increase/(decrease) in cash and cash equivalents (C)	-	-
Cash and cash equivalent at the beginning of the period (D)	-	-
Cash and cash equivalents at the end of the period (E)	-	-

The notes on pages 13 to 26 form an integral part of the financial statements.

4.4 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

Description	Accumulated surplus / Deficit 2020/2021	Movement during the year 2021/2022	Total 2021/2022
	Frw	Frw	Frw
Initial opening balances	(242,164,575)	-	(242,164,575)
Accumulated surplus/(deficit)	201,223,180	(5,427,569)	195,795,611
Adjustments on cash and cash equivalents	(168,872)	67,000	(101,872)
Adjustments on receivables	5,509,675	425,040	5,934,715
Adjustments on current liabilities	18,934,797	17,525,589	36,460,386
Changes in net assets items	(16,665,795)	12,590,060	(4,075,735)
Description	Accumulated surplus / Deficit 2021/2022	Movement during the year 2022/2023	Total 2022/2023
	Frw	Frw	Frw
Initial opening balances	(242,164,575)	-	(242,164,575)
Accumulated surplus/(deficit)	195,795,611	7,481,811	203,277,422
Adjustments on cash and cash equivalents	(101,872)	-	(101,872)
Adjustments on receivables	5,934,715	(146,104)	5,788,611
Adjustments on current liabilities	36,460,386	7,141,669	43,602,055
Changes in net assets items	(4,075,735)	14,477,376	10,401,641

The notes on pages 13 to 26 form an integral part of the financial statements.

**4.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2023**

Particulars	Revised budget	Actual receipts/ expenditure	Variance	Performance
	A	B	C=A-B	D=B/A*100
Resources	Frw	Frw	Frw	%
Transfers from National Treasury	-	2,435,837,568	(2,435,837,568)	-
Other revenue	-	334,952	(334,952)	-
Total				
Payments				
Wages, salaries and employee benefits	559,336,952	479,236,935	80,100,017	85.7
Goods and services	2,322,870,651	1,902,809,977	420,060,674	81.9
Transfer to reporting entities	-	1,181,440	(1,181,440)	-
Social assistance	33,834,290	17,820,574	16,013,716	52.7
Other expenses	11,485,740	8,228,583	3,257,157	71.6
Foreign exchange loss	300,000	-	300,000	-
Acquisition of noncurrent assets				
Capital expenditure	340,864,836	19,413,200	321,451,636	5.7

Notes on pages 13 to 26 form an integral part of the financial statements

Explanation on material variances:

- **Goods and services:** The variance is due to postponement of Parliamentary elections that were scheduled in the financial year under audit. The affected activities include among others, transport-related costs.
- **Social assistance:** NEC plans for funds to support its staff in case of death. If the death does not happen, the funds are returned to Central Treasury.
- **Other expenses:** This budget is in relation to sitting allowances of NEC officials (Commissioners). During the year under audit, meetings to prepare elections were reduced after Cabinet decision on postponement of Parliamentary elections.
- **Capital expenditure:** The variance is due to postponement of Parliamentary elections that were scheduled in the financial year under audit. The most affected activity under capital expenditure is related to developing Rwanda Electoral Management System (REMS) software that was resumed during the fiscal year 2023-2024.

4.6 NOTES TO THE FINANCIAL STATEMENTS

4.6.1. Statement of compliance

The financial statements have been prepared in accordance with the N° Organic Law N° 002/2022 OL of 12/12/2022 on State Finances and Property and related legal framework. These financial statements have been authorized for issue by the Chief Budget Manager on Tuesday 15 August 2023.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period. The presentation and classification of items in the financial statements are consistent from one period to the next and takes into consideration progressive improvements as contained in the Government of Rwanda roadmap to migrate to accrual IPSAS.

Reporting entity

The Financial Statements have been prepared by **National Electoral Commission (NEC)** pursuant to articles 20 and 78 of the Organic Law on State Finances and Property N° 002/2022 OL of 12/12/2022 that empowers the Chief Budget Manager to prepare the financial statements.

Basis of preparation

The financial statements have been prepared on the basis of historical costs unless otherwise stated. The cash flow statement is prepared using the direct method.

The specific accounting basis for major items in the financial statements are provided below:

Except for the subsidiary entities affiliated to the decentralised entities, public entities shall maintain their books of account on a modified accrual basis of accounting. The subsidiary entities affiliated to the decentralised entities shall maintain their books of account on a modified cash basis of accounting and progressively move to the same accounting basis as that of the rest of the public entities.

In this context modified accrual basis of accounting means that 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 in the following circumstances when transactions will be treated on a cash basis;

- (i) Public debt (principal and interest) – involving treasury bills, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Ministry or any other debt the State may take on will be treated on cash basis and recognized as revenue during the year of receipt and as expenditure in the year of repayment. However, loans acquired directly by a public entity and any associated interest shall be treated on an accrual basis and recognized as liabilities.
- (ii) Inventories – these are assets in the form of materials to be consumed in the rendering of services.

- (iii) Non-exchange transactions: - These arise where an entity receives value from another entity without giving approximately equal value in exchange. These include taxes, fines and penalties, transfers, gifts and donations and shall be recognised when cash is received.
- (iv) Non-current assets (tangible and intangible assets): - such as vehicles, furniture, equipment, finance leases, Plant and tools and investment property will be treated on cash basis and recorded as capital expenditure during the year of acquisition and revenue in the year of disposal.
- (v) Investments excluding those directly made by public entities: - shareholding in public corporations, investments in associates, equity interest in joint ventures, lending and on-lending by government entities will be treated on cash basis and recorded as capital expenditure during the year of acquisition and revenue in the year of disposal.
- (vi) Student loans: - Student loans shall be treated on a cash basis at the time of disbursements and recognized as expenses. Similarly, they will be recognised as revenue when loan repayments are received from the students.

Reporting periods

The Government of Rwanda Fiscal Year runs from 1st July to 30th June. These financial statements cover the period from 1st July 2022 to 30th June 2023. The comparative figures reflect the 12 months ended 30th June 2022.

Key assumptions and judgements

These financial statements, as a component of the Government consolidated financial statements, reflect the Government's financial position as at 30 June 2023, and the financial results of operations and cash flows for the year ended on that date. Included in these financial statements are a number of judgements, estimations and assumptions.

The assumptions are based on information available at the time of the preparation of the financial statements. It should therefore be noted that actual results may differ from the assumptions stated and thus have a material impact on the financial statements. The key assumptions are discussed below:

a. Presentation currency

The functional currency of the Government of Rwanda is the Rwandan Franc. For reporting purposes, the financial statements are translated into Rwandan Francs.

The rates used to translate foreign currency balances is the average rate applicable by National Bank of Rwanda as at 30th June 2023.

b. Areas of significant estimation

These financial statements do not have significant estimates so far. For the non-current asset and inventory balances disclosures, the acquisition cost before depreciation has been used.

c. Adoption of new and revised standards

The government is in the process of transitioning to IPSAS through a phased approach that involves a six-year implementation plan. The current year is year 3 of the transition process. By the end of the six-year implementation period, the government plans to have fully transitioned to IPSAS and adopted all relevant standards.

Basis of consolidation

The financial statements are aggregated on a line-by-line basis with the inter-entity transactions of revenue and expenditure being eliminated at the national consolidation level to avoid overestimation of revenue or expenses.

Fair presentation and compliance with accrual Basis IPSASs during the period of transition

IPSAS 33, *First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSAS)*, stipulates that where a first-time adopter has not recognized assets and/or liabilities under its previous basis of accounting, it is not required to recognize and/or measure the following assets and/or liabilities for reporting periods beginning on a date within three years following the date of adoption of IPSASs.

The standard recognizes that during the migration, some assets and liabilities are complex and a fair presentation may not be achieved within the three years following the first adoption of the migration and hence provides for exemption relating to fair presentation.

In this regard and basing on the exemption relating to fair presentation provided in paragraphs 33 to 62 of IPSAS 33, the following items of assets and liabilities will not be recognized on the face of financial statements under the current modified accrual basis of accounting. Instead, those will be disclosed as important disclosures until those assets are fully identified, registered in appropriate registers and its value can be determined reliably.

The main disclosures shall include;

- a) Inventories (IPSAS 12, *Inventories*);
- b) Investment property (IPSAS 16, *Investment Property*);
- c) Property, plant and equipment (IPSAS 17, *Property, Plant and Equipment*);
- d) Defined benefit plans and other long-term employee benefits (IPSAS 39, *Employee Benefits*);
- e) Biological assets and agricultural produce (IPSAS 27, *Agriculture*);
- f) Intangible assets (IPSAS 31, *Intangible Assets*);
- g) Service concession assets and the related liabilities, either under the financial liability model or the grant of a right to the operator model (IPSAS 32, *Service Concession Arrangements: Grantor*);
- h) Public debts; and
- i) Government Investments in Public and Private Enterprises

Significant accounting policies

The accounting policies set out in this section have been consistently applied by all consolidated entities and for all the years presented.

I) REVENUE

a) *Revenue from non-exchange transactions*

• Grants

Grants are transfers received by government units, from other resident or non-resident government units or international organizations that do not meet the definition of a tax, subsidy, or social contribution. This include current and capital transfers received from foreign Governments, international organizations.

Transfers from other general government units

Transfers from other general Government units includes Transfers from National Treasury, Inter-entity and intra-entity transfers. Inter-entity transfers refer to transfers between cost or revenue centres belonging to different public entities while intra-entity refers to transfers between cost or revenue centres within the same budget agency.

A transfer is a transaction in which one institutional unit provides a good, service, or asset to another unit without receiving from the latter any good, service, or asset in return as a direct counterpart. Grants are normally receivable in cash, but may also take the form of the receipt of goods or services (in kind). Grants receivable are classified first by the type of unit providing the grant and then by whether the grant is current or capital.

A grant may be a sum of money or services given by a government body for specific purposes. Usually, the money given can only be used for the intended purposes stated in the grant writing or application.

These transfers could be classified according to the sector of the counterparty and whether they are current or capital transfers.

The grants and transfers shall be sub-categorized as follows:

- a) Grants received from Foreign Governments;
- b) Grants received from International Organizations; and
- c) Grants received from other general Government units which includes treasury transfers, inter-entity and intra-entity transfers.

Grants and similar financing for capital items, to the extent that they have not been eliminated on consolidation, are recognised immediately in the Statement of financial assets and liabilities unless it is likely that the grant will need to be repaid, in which case the grant is deferred in the Statement of financial assets and liabilities.

The following applies to grants and transfers:

- Grants are recognized in the books of accounts when cash is received and in case of grant in kind, such grants are recorded upon receipt of the grant item and upon determination of the value.
- Transfer from Treasury are recognized in the books of accounts when cash is received.
- Transfers received from Government entity for onward payment to a third party are not treated as an inter-entity (revenue) rather, such transfers shall be recorded as transit fund (liability) in the books of the receiving entity.

- Transfers from treasury that are not related to current fiscal year budget are not treated as cash transfers. Instead such transfers shall be treated as inter-entity transfers.
- Transfers from entities to treasury which does not relate to the current fiscal year budget are treated by Treasury as inter-entity transfers.
- Funds returned to Treasury at the end of the fiscal year as a result of zero balance accounts sweeping are not recognized as inter-entity transfers. Instead, those funds will reduce the cash transfer account balance for the same year. Where such transfers are received by treasury in the subsequent fiscal year (such as embassies and foreign missions) such transfers is recognized as inter-entity transfers.
- The transfers other than grant include subsidies, as well as gifts and transfers from individuals, private non-profit institutions, nongovernmental foundations, corporations, and the nature of the transfer is not such that it could be included in the other categories of transfers.

b) Revenue from exchange transactions

- ***Borrowings***

The Ministry of Finance and Economic Planning is the principal borrowing agent for Central Government. Public debt and associated interest is recognized on cash basis. Proceed from loan borrowing is recognized as revenue during the year of receipt at cost and repayment as expenditure in the year of repayment. Cash is considered as received when recipient entity received a transfer advice from the partner rather than when cash is received in the bank account of the receiving entity.

Other loans (principal and any associated interest) acquired directly by a public entity (e.g. those acquired by Decentralized Entities) are treated on an accrual basis and recognized as liabilities.

Revenue from exchange transactions shall be recognized on accrual basis.

II) EXPENDITURE

All expenditure is recognized on accrual basis however; the point of recognition may be different according to their categories.

- ***Goods and services***

Goods and services consist of the value of goods and services used for the production of market and nonmarket goods and services.

The value of goods or services is recorded when the goods or services are actually used rather than when they were acquired or paid for. In practice, these events often coincide for inputs of services but not for goods, which may be acquired some time in advance of their use. The value of goods purchased and held for resale is recorded as goods and services when they are sold.

- ***Acquisition of fixed assets***

The expenditure on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as expenditure and income items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as revenue and as Acquisition of Fixed Assets otherwise it not recorded rather a fixed asset register which contains details of assets is maintained by each public entity.

- ***Other expenses***

Any other expenses not part of the ones above will fall into this category.

III) ASSETS AND LIABILITIES

- **Cash and cash equivalents**

Cash comprises cash on hand, demand deposits and cash equivalents. Demand deposits and cash equivalents comprise balances with banks and investments in short-term money market instruments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the National Bank of Rwanda, foreign bank for the case of embassies and high commissions and at various commercial banks at the end of the reporting period.

- **Receivables from exchange transactions**

These receivables include the receivables from the exchange transactions, prepayments and other receivables recoverable in period not exceeding 12 months.

- **Prepayments and other current assets**

These include advances and prepayments made during the year but the service or goods are not yet consumed or received by the entity at the closing date.

- **Current liabilities**

These mainly relate to invoices for goods and services which were outstanding on the date of the closure of the fiscal year. These are recognized as liabilities for that specific fiscal year. All goods received notes are recognized as liabilities if not yet paid as at the end of the period.

It also includes short-term borrowings received by budget agencies from Local Commercial Banks as these are not regarded as public debt.

IV) Other relevant information

- **Foreign currency transactions**

Transactions denominated in foreign currencies are initially translated to the Rwandan Franc at the foreign exchange rate at the date of transaction.

The National Bank of Rwanda provides exchange rates for major foreign currencies on a daily basis. These are presented for selling rate (rate the bank will sell foreign currency to its clients), buying rate (rate the bank will buy foreign currency from its clients) and average rate (average between the selling and buying rate).

During the year, revenue items are translated using the buying rate presented at BNR website of the transaction day whereas the Expense items should be translated using the Selling rate presented at BNR website of the transaction day.

The associated exchange losses are recorded as other expenditure while exchange gains should be recorded as other revenue. At the end of the year, book balances, Assets (such as bank and cash and accounts receivables) and liability (such as accounts payables), denominated in foreign currencies are converted into the Rwanda Franc at the average rate of exchange ruling on that closing date, as issued by the National Bank of Rwanda. The associated exchange losses/gains are recorded as expenditure/income in the books.

- **Comparative figures**

Adjustments have been made on the opening balances of the current financial period with respect to adjustments made by individual entities relating to the comparative periods.

- **Subsequent events**

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended 30 June 2023.

Changes in accounting policies and estimates

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures have been restated to ensure consistency with the current period unless it is impracticable to do so; in this regards, such adjustments have been treated as adjustments to opening balance.

- **Related parties**

The Government regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over it, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive committee members, the city manager, deputy city manager and senior managers.

• **Contingencies**

The Public entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Public entity has no contingent assets.

• **Notes to the statement of comparison of budget and actual amounts**

- (i) The original budget for 2022/2023 was approved by the Parliament/ Commission council for Local Government. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Government upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Government recorded additional appropriations of budget in accordance with specific instructions of the Cabinet/Parliament.
- (ii) Government's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the Statement of revenues and expenditures, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

- (iii) Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for Government.
- (iv) Public entity differences occur when the budget omits program/activity or a public entity that is part of the public entity for which the financial statements are prepared. There are no entity differences.

1. Transfers from National treasury

During the period of 12 months ended 30 June 2023, NEC received transfers from National Treasury as detailed below:

ID account	Description	12 months to 30 June 2022	12 months to 30 June 2022
		Frw	Frw
139101	Treasury Direct Payments-Current	1,265,396,980	2,327,706,287
139102	Treasury Direct Cash Transfers-Current	1,170,440,588	484,265,757
	Total	2,435,837,568	2,811,972,044

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2. Other revenue

ID account	Description	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
145201	Miscellaneous and unidentified revenue (returned mission allowances)	334,952	-
	Total	334,952	-

3. Wages, salaries and employee benefits

ID account	Description	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
211301	Other employees: Basic salary in cash	320,209,295	341,242,985
211303	Other employees: Transport allowances in cash	28,527,258	31,751,439
211304	Other employees: Housing allowances in cash	45,603,133	53,842,162
211307	Other employees: Performance bonus in cash	17,094,757	-
211313	Other employees: Other allowances and benefits in cash	21,910,558	79,868,959
213107	Government contributions to social security fund for other employees	18,037,834	18,679,385
213108	Government contributions to health insurance for other employees	26,693,913	28,937,292
213112	Government contributions to Maternity Leave Scheme/Other employees	1,160,187	1,245,146
	Total	479,236,935	555,567,368

4. Goods and services

During the period of 12 months ended 30 June 2023, NEC consumed goods and services as detailed in the table below:

ID account	Description	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
221101	Stationery and printing consumables	211,552,603	195,212,546
221102	Beverages, tea, coffee, etc	37,292,590	43,098,153
221201	Water and electricity bills	46,010,260	50,105,614
221202	Fuels	500,000	-
221204	Electrical consumables - Bulbs, Wires, Tubes	16,653,051	-
221401	Postage and courier	219,430	89,500
221402	Fax and telephone	69,556,726	53,445,503
221403	Internet costs	34,272,664	27,528,404
221599	Other licenses	17,851,820	17,902,177

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ID account	Description	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
221601	Bank charges	12,000	15,000
221603	Bank statement fees	24,000	21,000
221703	Adverts and announcements	39,218,476	50,927,209
221705	Hire of conference rooms	321,000	12,264,000
221708	Guests hotel bills	5,331,923	11,294,960
221713	Representation costs	3,897,000	3,931,000
221714	Flags, banners and decoration costs	2,365,900	20,733,580
222101	Translations costs	1,659,670	-
222102	Legal fees	-	17,525,589
222109	Contractual personnel	75,000	674,287,000
222112	Cleaning services	33,573,740	26,808,860
222199	Other professional services fees	324,306,000	16,197,770
223101	Transportation cost for domestic business travel (airplane, bus, train, taxi)	691,559,212	556,988,405
223102	International airfares	3,088,527	-
223104	Domestic per diems	87,651,614	82,212,846
223105	International per diem	3,192,579	
223109	Lump sum allowance	118,637,786	125,455,521
223115	Packing -unpacking and moving of goods and services	615,000	1,868,040
223116	Meals	96,975,680	18,706,280
223117	Accommodation cost	5,871,268	4,680,240
224101	Maintenance and/or repairs of administrative buildings	3,110,215	17,896,789
224111	Maintenance and/or repairs of office equipment	11,002,729	46,811,610
224116	Maintenance and/or repairs of other equipment	-	7,458,000
227310	Hire of private security firms	45,704,568	45,704,568
227502	Educational books and supplies	-	4,062,711
229101	Sports and recreational facilities and services	2,233,510	184,000
	Total	1,914,336,541	2,133,416,875

5. Capital expenditure

ID account	Description	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
231499	Acquisition of other ICT equipment, software and assets	15,013,200	-
343202	Laptops	4,400,000	41,407,500
343203	Printers, scanners and photocopiers	-	5,700,000
343299	Other ICT equipment		60,975,720
	Total	19,413,200	108,083,220

6. Transfers to reporting entities

ID account	Description	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
2301	Transfers to Central Government institutions - Current	1,181,440	1,789,280
	Total	1,181,440	1,789,280

7. Social assistance

ID account	Description	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
272103	Assistance to vulnerable groups	6,000,000	12,000,000
273111	Diseased and funeral costs - Other employees	11,820,574	-
	Total	17,820,574	12,000,000

8. Other expenses

ID account	Description	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
285109	Sitting allowances	8,228,583	6,542,870
	Total	8,228,583	6,542,870

9. Cash and cash equivalents

ID Account	Bank Account number	Bank name	Balance as at 30 June 2023	Balance as at 30 June 2022
			Frw	Frw
311304	1000004398	National Electoral Commission [FRW - Banque Nationale du Rwanda (BNR)]	-	-
		Total	-	-

10. Receivable from exchange transactions

ID account	Description	Balance as at 30 June 2023	Balance as at 30 June 2022
		Frw	Frw
312199	Other accounts receivable	2,092,160	3,793,410
322101	Accounts receivables - Customers	-	1,378,524
	Total	2,092,160	5,171,934

11. Current accounts payable

ID account	Description	Balance as at 30 June 2023	Balance as at 30 June 2022
		Frw	Frw
412101	Suppliers Control	2,626,544	6,258,884
412105	Returned payments	85,492	2,106,000
	Total	2,712,036	8,364,884

12. Tax liabilities

ID account	Description	Balance as at 30 June 2023	Balance as at 30 June 2022
		Frw	Frw
412401	VAT payable (Input VAT)	477,700	828,824
412402	WHT payable	27,347	53,961
	Total	505,047	882,785

13. Adjustments made during the period

ID Account	Description	12 months to 30 June 2023	12 months to 30 June 2022
		Frw	Frw
512101	Adjustment made during the period (Bank and cash adjustment)	-	67,000
512102	Adjustment made during the period (Receivable adjustment)	(146,104)	425,040
512103	Adjustment made during the period (payable adjustment)	7,141,669	17,525,589
Total		6,995,565	18,017,629

14. IMPORTANT DISCLOSURES

14.1. Breakdown of the inventory of supplies and consumables

Code	Description	Balance as at 30 June 2022	Adjustments	Value (Additions)	Value consumed /disposed of	Balance as at 30 June 2023
		A	B	C	D	(E=A+B+C+D)
		Frw	Frw	Frw	Frw	Frw
331	Consumable stores	410,103,863	(34,435,200)	110,647,121	(124,035,875)	362,279,909
	Total	410,103,863	(34,435,200)	110,647,121	(124,035,875)	362,279,909

14.2. Summary of physical assets

Categories	Opening balance as at 1 July 2022	Quantity as at 30 June 2022	Value adjustments	Quantity (adjust ments)	Value (additions)	Quantity (addi tions)	Value (consum ed)	Quantity (consum ed)	Balance value as at 30 June 2023	Balance quantity as at 30 June 2023
	Frw				Frw		Frw	Frw	Frw	Frw
Machinery and other offices equipment	934,035,593	1,968	12,499,829	1,906	19,413,200	12	-	-	965,948,622	3,886
Total	934,035,593	1,968	12,499,829	1,906	19,413,200	12	-	-	965,948,622	3,886

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14.3. Summary of intangible assets

Categories	Opening balance as at 1 July 2022	Quantity as at 30 June 2022	Value (adjustments)	Quantity (adjustments)	Value (additions)	Quantity (additions)	Value (consumed)	Quantity (consumed)	Balance value as at 30 June 2023	Balance quantity as at 30 June 2023
	Frw		Frw		Frw		Frw		Frw	
	A	B	C	D	E	F	G	H	I=A+C+E+G	J=B+D+F+H
Unclassified intangible assets, other intangible assets	135,000,000	4	-	-	-	-	-	-	135,000,000	4
Website costs	30,000,000	2	-	-	-	-	-	-	30,000,000	2
Intangible assets computer software	5,000,000	1	(4,600,000)	-	-	-	-	-	400,000	1
Total	170,000,000	7	(4,600,000)	-	-	-	-	-	165,400,000	7

14.4. Leases

Entity name	Operator	Grantor	Duration	Starting date	Total lease amount	Number of instalments	Instalment amount	Total amount paid
			Months		Frw	Month		Frw
NEC	NEC Staff	NEC	24	01-02-22	5,144,660	24	3,750	3,045,000
Total					5,144,660		3,750	3,045,000