

# Community Led Planning and Management for Biodiversity Protection and Resilient Communities in Southern Rwanda Project

**Implemented by Trocaire**

*Final report*

*September 2022*

**Management Letter for the year  
ended 30 June 2022**



## ***Table of Contents***

Transmission letter	1
1. Introduction	1
1.1 Audit approach and audit findings	1
1.2 Other matters	1
2. Internal control weaknesses and related recommendations for improvement	2
2.1. Findings relating to UNICOOPAGI	2
2.2. Findings relating to BIOCOOR	2
2.3. Findings relating to Trocaire	2
3. Status of prior year audit findings follow up	3



**Private & Confidential**

The Management  
Trocaire Rwanda

12 September 2022

Dear Sirs,

**Subject: Management letter for the audit of Community Led Planning and Management for Biodiversity Protection and Resilient Communities in Southern Rwanda Project**

In accordance with the scope of work in our contract dated 2 August 2022, we have conducted the audit of the Community Led Planning and Management for Biodiversity Protection and Resilient Communities in Southern Rwanda Project funded by the Jersey Overseas Aid (JOA) and implemented by Trocaire, the "Organisation" and the "Management" for the year ended 30 June 2022 and we are pleased to present to you the results of our work.

In planning and performing our audit, we considered the Project's internal controls as well as the funding agreement between the JOA and Trocaire, in order to determine our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls. Our consideration of internal controls would not necessarily disclose all matters in internal control that might be significant deficiencies in internal control or deficiencies in the design or operation of internal control. A deficiency in internal control exists when:


- A control is designed, implemented or operated in a way that is unable to prevent, detect and correct, misstatements in the financial statements on a timely basis; or
- A control necessary to prevent, detect and correct misstatements in the financial statements on a timely basis does not exist.

A significant deficiency is a deficiency or combination of deficiencies in internal control that in our judgement is of sufficient importance to merit the attention of those charged with governance. We noted certain matters involving the system of internal controls and its operation and we are submitting our observations and recommendations as part of our report.

This report is intended solely for the information and use by Trocaire and Jersey Overseas Aid in accordance with our contract dated 2 August 2022 and is not intended to be and should not be used by anyone other than these specified parties.

We would like to record our appreciation for the assistance and support we received from the management and staff of Trocaire in Rwanda during the entire audit process.

Yours sincerely



Mwangi Karanja  
Director

## 1. Introduction

We have completed the audit of the the fund accountability statement of Community Led Planning and Management for Biodiversity Protection and Resilient Communities in Southern Rwanda Project implemented by Trocaire ("the Organisation" and the "Management") for the year ended 30 June 2022. Our audit was conducted in accordance with International Standards on Auditing and our letter of engagement dated 2 August 2022. Our engagement letter sets out the basis on which we act as auditor of the Organisation and the respective areas of responsibility of the management and of ourselves, which we highlight below.

### 1.1 Audit approach and audit findings

Our audit approach is risk focused and controls based. In planning and performing the audit, we assessed the internal controls of the relevant key cycles operated by management, in order to determine our audit procedures for the purposes of expressing an opinion on the financial statements of the organisation.

We have assessed and tested internal controls to the extent we considered appropriate to support our audit opinion. Where control deficiencies were noted, we tailored our audit approach appropriately to supplement this work with additional substantive tests of detail to allow us to support our opinion.

### 1.2 Other matters

#### Independence

International Standards on Auditing ("ISA") and our internal quality control procedures require that we confirm to you, as the management, our continued independence from influence that would make our audit opinion subjective. We have re-assessed our independence at this date and can confirm that we are independent of Trocaire.

#### Application of accounting standards

The significant accounting policies and other explanatory notes adopted by the organization are disclosed in the notes to the financial statements.

#### Significant audit adjustments

In carrying out our audit procedures, we consider materiality in terms of the aggregate level of misstatement that could be considered material to key elements of the organisation's financial statements. As the users of the financial statements are anticipated to focus primarily on the results of the organisation, we determine our materiality level based on those operating results.

#### Weaknesses in internal control

The weaknesses in the design or operation of internal controls that came to our attention during the audit are detailed in the subsequent sections.

## **2. Internal control weaknesses and related recommendations for improvement**

### **2.1. Findings relating to UNICOOPAGI**

No reportable findings to be reported on UNICOOPAGI.

### **2.2. Findings relating to BIOCOOR**

#### **2.2.1. Project inter-borrowing resulting into a variance between cash held in the bank account and reported fund balance as at 30 June 2022**

##### **Observation**

From our review of cash balances held as at year end, we noted that the reported fund balance as at 30 June 2022 was Rwf 4,959,030 as per the annual financial statement submitted to Trocaire but the project bank account balance as at 30 June 2022 was Rwf 4,040. The variance of Rwf 4,954,990 is as a result of the partner borrowing funds from the project bank account to implement other projects but had not returned the funds to the bank account as at 30 June 2022.

##### **Implication**

Project inter-borrowing may lead into delays in the implementation of the planned project activities.

##### **Recommendation**

Management should refund the Rwf 4,954,990 into the project bank account. In addition, going forward management should only use the project bank account for the dedicated project activities.

##### **Management comments**

*This is well noted. Next time a prior approval from Trocaire will be required before any inter borrowing of the Donor funds.*

### **2.3. Findings relating to Trocaire**

No reportable findings to be reported on Trocaire.

### 3. Status of prior year audit findings follow up

No	Audit observation	Recommendation	Status of implementation
2.1.1	<p><b>Overstatement of reported staff costs by GBP 3,213</b></p> <p><b>Observation</b></p> <p>From our re-calculation of the staff costs charged to the project, we noted that that amount reported was overstated by GBP 3,213 (GBP 777 under National staff and GBP 2,436 under International staff). The discrepancy between the re-calculated staff costs and the reported staff costs was as a result of Trocaire having reported the staff costs based on the budgeted amounts instead of actual salary costs paid.</p>	Management should ensure that staff costs reported under the project are based on the actual salaries paid to staff. In addition, the financial report to the donor should be adjusted to reflect the actual staff costs.	<b>Implemented</b>
2.2.1	<p><b>Staff paid for days not worked</b></p> <p><b>Observation</b></p> <p>From our review of the staff costs, we noted an instance where the Project Accountant who had joined the organisation on 14 July 2020 was paid a full salary for the month of July 2020. This resulted to overpayment of the salary for the month of July 2020 by Rwf 281,129</p>	Management should ensure that salaries to staff are appropriately apportioned in instances where the staff did not work for a full month.	<b>Implemented</b>
2.2.2	<p><b>Project inter-borrowing resulting into a variance between cash held in the bank account and reported fund balance as at 30 June 2021</b></p> <p><b>Observation</b></p> <p>From our review of cash balances held as at year end, we noted that the reported fund balance as at 30 June 2021 was Rwf 1,139,958 as per the annual financial report submitted to Trocaire but the project bank account balance as at 30 June 2021 was Rwf 2,434. The variance of Rwf 1,137,524 is as a result of the partner borrowing funds from the project bank account to</p>	Management should refund the Rwf 1,137,524 into the project bank account. In addition, going forward management should only use the project bank account for the dedicated project activities.	<b>Not implemented.</b> During the current audit, we noted similar instances of interproject borrowings. Refer to finding no. 2.2.1

Management letter for the year ended 30 June 2022

No	Audit observation	Recommendation	Status of implementation
	implement other projects but had not been returned the bank account as at 30 June 2021.		
<b>2.2.3</b>	<p><b>Failure to update the project asset register</b></p> <p><b>Observation</b></p> <p>Section 6 of the grant agreement between Trocaire and BIOCOOR requires BIOCOOR to keep an updated asset register and safeguard all assets procured under this grant.</p> <p>Contrary to the above, from our review of sampled expenditure, we noted that BIOCOOR had purchased office furniture amounting Rwf 1,165,000 on 3 August 2020 but these assets were not included as part of asset register provided during the audit.</p>	Management should ensure that the asset register is updated in a timely manner with any assets procured.	<b>Implemented</b>
<b>2.2.4</b>	<p><b>Delay in submission of the annual financial report</b></p> <p><b>Observation</b></p> <p>Section 7 of the grant agreement between Trocaire and BIOCOOR stipulates the reporting schedule for all project reports.</p> <p>Contrary to the reporting schedule provided in the agreement, we noted a delay in the submission of the annual financial report for the period 1 July 2020 to 30 June 2021. The report was due for submission on 10 July 2021 but had been submitted on 14 July 2021.</p>	Management should ensure that the project reports are submitted in a timely manner as required by the grant agreement	<b>Implemented</b>



**COMMUNITY LED PLANNING AND MANAGEMENT FOR BIODIVERSITY  
PROTECTION AND RESILIENT COMMUNITIES IN SOUTHERN RWANDA  
PROJECT**

**AUDIT REPORT AND FINANCIAL STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2022**

Community Led Planning and Management for Biodiversity Protection and Resilient Communities in  
Southern Rwanda Project  
Audit Report and Financial Statement for the year ended 30 June 2022

<b>Table of contents</b>	<b>Page No</b>
Project background information	1
Statement of management's responsibilities	2
Report of the independent auditor	3-5
Fund accountability statement	6
Notes to the financial statement	7-10

**Project background information**

Trocaire Head office in Ireland signed an agreement with Jersey Overseas Aid for the implementation of Community Led Planning and Management for Biodiversity Protection and Resilient Communities in Southern Rwanda Project.

The overall objective of the project is to empower rural, poor communities living around Nyungwe National Park to assess, plan and sustainably manage their land and common natural resources leading to more environmentally and economically resilient communities”.

The project is implemented through the partnership with BIOCOOR and UNICOOPAGI

The Community Led Planning and Management for Biodiversity Protection and Resilient Communities in Southern Rwanda Project is co-funded by both Trocaire and Jersey Overseas Aid with a total budget of GBP 1,200,000 over a period of four years (July 2020 to June 2024).

Community Led Planning and Management for Biodiversity Protection and Resilient Communities in  
Southern Rwanda Project  
Statement of Management's Responsibility  
For the year ended 30 June 2022

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Management is required to prepare a financial statement for each financial year which in all material respects, is in accordance with the accounting policies described under Note 2 to the financial statement. Management is also required to ensure that the Project keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Project. They are also responsible for safeguarding the assets of the Project.

Management accepts responsibility for the financial statement, which has been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the accounting policies of the Project.

Management is of the opinion that the financial statement has been prepared, in all material respects, in accordance with the accounting policies of the Project. Management further accepts responsibility for the maintenance of accounting records which may be relied upon in the preparation of the financial statement as well as adequate systems of internal financial control.

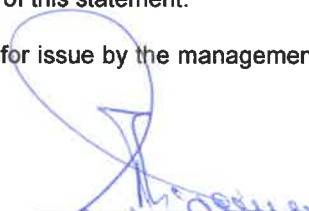
Nothing has come to the attention of the management to indicate that the Project will not remain a going concern for at least the next twelve months from the date of this statement.

The financial statement on pages 6 to 10 was approved for issue by the management and signed on its behalf by:



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Marleen Masclee  
Country Director



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Diogene Rusumbabahizi  
Finance and Administration Manager

12 September 2022



## **Independent Auditor's Report**

**To Jersey Overseas Aid**

### **Report on the audit of the financial statement**

#### **Our opinion**

In our opinion, the financial statement of the Community Led Planning and Management for Biodiversity Protection and Resilient Communities in Southern Rwanda Project ("the Project") is prepared, in all material respects, in accordance with the accounting policies described in Note 1 to the financial statement.

#### **What we have audited**

The Project's financial statement comprises:

- The fund accountability statement for the year ended 30 June 2022; and
- The notes to the financial statement, which include a summary of significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statement section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Project in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

#### **Other information**

Management is responsible for the other information. The other information comprises the project background information and the statement of management's responsibilities (but does not include the financial statement and our auditor's report thereon).

Our opinion on the financial statement does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statement, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Directors: M Karanja M Nyabanda B Kimacia P Ngahu



## ***Independent Auditor's Report (continued)***

### **Emphasis of Matter - Basis of accounting and restriction on distribution and use**

We draw attention to Note 1 to the financial statement, which describe the basis of accounting. The financial statement is prepared to report to the donor (Jersey Overseas Aid) the funds received and utilised for the project. As a result, the financial statement may not be suitable for another purpose.

Our report is intended solely for Jersey Overseas Aid (JOA) and should not be distributed to or used by parties other than Jersey Overseas Aid (JOA).

The Financial Statement does not comprise a full set financial statement prepared in accordance with the organisation accounting policies. Our opinion is not modified in respect of this matter.

### **Responsibilities of management and those charged with governance for the financial statement**

Management is responsible for the preparation of this financial statement in accordance with the accounting policies described in Note 1 to the financial statement, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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 control.
- Obtain 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 purpose of expressing an opinion on the effectiveness of the Project's internal control.



### *Independent Auditor's report (continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude 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 the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For PricewaterhouseCoopers Rwanda Limited, Kigali



Mwangi Karanja  
Director

12 September 2022

**Fund Accountability Statement**

	<b>Notes</b>	<b>Amount GBP</b>
Opening fund balance		27,674
Funds received	2	280,970
<b>Total funds available for use</b>		<b>308,644</b>
<b>Expenditure</b>		
Personnel costs	3	92,946
Travel costs	4	5,167
Equipment and supplies	5	1,681
Local office costs	6	16,700
Other expenses	7	8,977
Direct programme activity costs	8	144,891
Indirect costs	9	21,629
<b>Total expenditure</b>		<b>291,991</b>
<b>Closing fund balance</b>	<b>10</b>	<b>16,653</b>

The notes on pages 7 to 10 are an integral part of the financial statement.

## Notes to the financial statements

### 1. Significant accounting policies

The principal accounting policies applied in the preparation of the financial statement are set out below:

#### a) Basis of preparation

The financial statement is prepared using cash basis of accounting in accordance with the accounting policies stated below.

#### b) Funds received

This represents funds received from the Jersey Overseas Aid (JOA) and the matching funds contributed by Trocaire for implementation of project activities during the period under audit. Funds are recognised when received.

#### c) Expenditure

This represents project expenditure paid during the period under audit. Project expenditure is incurred in accordance with the approved budget and signed project agreement and is recognized when payment is made.

#### d) Fixed assets

Fixed assets and equipment are expensed on acquisition.

#### e) Translation of foreign currency

The fund accountability statement is presented in British pound sterling (GBP). Transactions are recorded in the currency in which they are incurred. Transactions incurred in currencies other than the GBP are translated to GBP using the exchange rates prevailing on the dates of the transaction in Agresso accounting system. Closing cash balances are translated to GBP using the Agresso system closing rate as at the end of the period.

### 2. Funds received

Description	Amount GBP
Receipts from Jersey Overseas Aid	234,196
Matching funds from Trocaire	46,774
	<b>280,970</b>

### 3. Personnel costs

Account description	Amount GBP
Salaries	83,731
Per diem	9,215
	<b>92,946</b>

**Notes (continued)**

**4. Travel costs**

<b>Account description</b>	<b>Amount GBP</b>
Fuel costs	5,167
	<b>5,167</b>

**5. Equipment and supplies**

<b>Account description</b>	<b>Amount GBP</b>
Spare parts, maintenance and repairs	1,681
	<b>1,681</b>

**6. Local office costs**

<b>Account description</b>	<b>Amount GBP</b>
Motor vehicle insurance	2,441
Motorcycles insurance	1,341
Office rent	4,781
Consumables - office supplies	1,954
Other office costs	6,183
	<b>16,700</b>

**7. Other expenses**

<b>Account description</b>	<b>Amount GBP</b>
Expenditure verification	2,500
Bank charges	277
Visibility costs	6,082
Grant management and steering committee meetings	118
<b>Total</b>	<b>8,977</b>

**Notes (continued)**

**8. Direct programme activity costs**

<b>Account description</b>	<b>Amount GBP</b>
Radio programs	42,191
Community awareness raising events	2,989
Outreach and awareness in community churches	74
Training for ANICOs	342
Provision of motivation for ANICOs	1,098
Exchange and learning visits	590
Strengthening environmental clubs	531
Awareness raising of teachers	456
Selection of youth champions	3,578
Introduction session with selected youth champions	42
Memorandum of Understanding with Kitabi IPRC for school fees	3,466
Training of partner staff in the usage of the manual	317
Community mapping of natural resources	4,773
Community action plan development	1,845
Establishment of demonstration plots	1,015
Provision of agricultural tools and seeds	9,214
Formation of Community based Conservation Committees (CCCs)	3,533
Training of community members in cooking stove production	3,055
Engagement of digital village saving and lending platform	4,110
Training of community facilitators/mentors on the digital platform	1,126
Monthly incentives for 10 community Mentors (Communication and Transport)	819
Individual business coaching and mentoring	4,666
Capital injection in VSLAs for business purposes	6,487
Feasibility study to identify business opportunities in the area	11,913
Provision of start up kits for viable collective business models	10,283
Micro livestock production	15,069
Promotion of agroforestry trees including fruits	8,850
Training costs -VSLA Groups	2,459
<b>Total</b>	<b>144,891</b>

**9. Indirect costs**

Relates to 8% of total direct project costs charged by Trocaire to Jersey Overseas Aid.

**Notes (continued)**

**10. Closing fund balance**

This represents the closing project cash balance held as at 30 June 2022.

	<b>Amount GBP</b>
Cash held at Trocaire	12,882
Cash held at BIOCOOR	3,769
Cash held at UNICOOPAGI	2
	<hr/> <b>16,653</b> <hr/>