



Kwame Nkrumah
University of Science
and Technology, Kumasi

INTERNAL AUDIT DEPARTMENT

KNUST/IA/C/27

July 12, 2023

The Project Lead
KEEP
KNUST

INTERNAL AUDIT REPORT ON KEEP

We have completed our audit of KNUST Engineering Education Project (KEEP) for the year ending December 31, 2022, and present our report for your consideration.

A handwritten signature in blue ink, appearing to read 'Moses Tsiquaye', is positioned above the name of the internal auditor.

MOSES TSIQUAYE
(INTERNAL AUDITOR)

cc: Provost, COE
College Finance Officer



Internal Audit Report

on

KEEP

(July 2023)



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and Technology, Kumasi**

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INTERNAL AUDIT REPORT ON KEEP

We have completed our audit of KNUST Engineering Education Project (KEEP) for the year ending December 31, 2022, and present our report for your consideration.

The audit forms part of the Timeliness and Quality of Fiduciary Management requirement of the ACE programme as specified in the Project Document. Our audit included but not limited to achievement of the Disbursement Link Indicators (DLIs) and the application of relevant policies, laws and procedures used in the recording of financial transactions. Our audit also considered the existence of internal controls to ensure that funds received from the World Bank have been accounted for properly.

We would be pleased to discuss further matters raised in the report or to provide additional information that may arise.

A handwritten signature in blue ink, appearing to read 'Moses Tsiquaye', with a stylized flourish at the end.

MOSES TSIQUAYE
(INTERNAL AUDITOR)

cc: Provost, COE
College Finance Officer

Content	Page #
Executive Summary	2
Introduction	3
Methodology and Scope	4
Audit Findings	8
Conclusion	9
Appendix	10

1.0 Executive Summary

We have completed the audit of the activities of World Bank Centre of Excellence (ACE) developmental impact project at the College of Engineering capped KNUST Engineering Education Project (KEEP). The scope of the audit covered the financial year ending December 31, 2022. The audit covered both financial and non-financial activities of the Centre. As a donor funded project, we paid attention to the achievements of the Disbursement Linked Indicators (DLIs) as these are linked to monetary inflows.

Summary of Receipts and Payments (Dollar) for the year:

Details	Amount US\$
Opening balance	1,932,543.67
Receipts	
Inflows from World Bank	1,014,464.56
Redemption of investment	50,000.86
Other income	3,765.90
	<u>3,000,774.99</u>
Less: Payments	
Transfer to Cedi account	1,615,618.85
Other payments	<u>202,210.79</u>
	<u>1,817,829.64</u>
Closing cash balance as at 31 December 2022	1,182,945.35

NB:

Details of the financial transactions can be found in **appendices 1 & 2**.

Audit Findings

- There was no significant audit finding during the review period. We commend the Centre Management for ensuring that the existing internal controls were being enforced and working hard to achieve the deliverables.

2.0 Introduction

The KNUST Engineering Education Project (KEEP) has been established as one of the Africa Centres of Excellence (ACE) for Development Impact, an initiative of the World Bank to address the shortage of high-level skills and applied research in Ghana and the sub-region. The ACE Impact is the second phase of the African Centre of Excellence Project, an initiative of the World Bank in Collaboration with Participating countries.

Its primary objective is to introduce high quality postgraduate programmes, conduct and disseminate international calibre applied research, focused on addressing priority developmental challenges related to industrialisation, energy and digital development. The project has a budget of USD5.5 million for a five-year duration (i.e. 2019-2023).

There is a Project team in place that is responsible for the day to day running of its operations, but many of the routine tasks are handled by the Project Director, Accountant and Manager. The project requires two sets of Boards to be established. A 6-member International Scientific Advisory Board with oversight responsibility, and a 7-member Industrial Advisory Board to promote industry partnership. The two boards are all in place and meets regularly, minutes of meetings were accessed, reviewed and found out that most of their decisions were implemented by the Centre Management. We therefore commend them for the good work done.

The University's Accounting Policies and Procedures Manual, the Public Financial Management Act, 2016 (Act 921), the Public Procurement Act, 2003 (Act 663) as Amended with (Act 914), serves as a guide for the preparation of financial transactions. The Panacea software of KNUST is used for the preparation of financial statement.

Included in the targets (DLIs) is "timelines and quality of fiduciary management" which relates to Internal Audit review, oversight responsibility of the Audit Committee and the work of the External Auditors. Internal audit has completed its work as it forms part of the Centres fiduciary requirements to the world Bank and submitted the report to the Centre Management for consideration.

Included in the report is also a follow up on both internal and external audit recommendations given in the previous audit reports.

3.0 Methodology and Scope

The period for the audit covered the financial year ending December 31, 2022.

In performing the audit, the following were undertaken:

- ✓ Conducted entrance meeting with the Centre Project team to gain understanding of the current happenings.
- ✓ Inquired of the significant changes that had occurred since the last audit with respect to the management structure and the project.
- ✓ Obtained the necessary documents pertaining to the project to acquaint ourselves with the status of progress in the DLLs.
- ✓ Visited the Centre's Website to ascertain information pertinent to the Centre.

In developing the audit programme for the assignment, we also considered the following risks:

- ✓ Some DLLs may be missed out leading to non-disbursement of project funds.
- ✓ Procurement laws may not be completely followed.
- ✓ Expenditures may not be approved by the spending officer.
- ✓ Expenditures incurred may not be according to the project budget lines.
- ✓ Bank reconciliation statements prepared may not be reviewed, with irregular transactions causing disagreements between the cash book balance and the bank balance.
- ✓ Assets acquired may not be labelled which may lead to possible loss.
- ✓ Timelines may not be attached to implementation of management decisions in order to measure progress.

The risks identified above were factored into the audit programme to ensure that correct control measures existed to mitigate them. This involves assessing the operating internal controls to ensure they are working.

Draft report with issues raised were discussed with the Project Management and their responses were incorporated into the final report to the College Provost.

4.0 Performance of the Disbursement Linked Indicators (DLIs)

The DLIs are the deliverables set for the ACE Centres. The achievements of these deliverables would enable the World Bank to transfer/remit funds to the Centre. We therefore assessed each DLI to determine the status of progress made and where possible highlighted the areas that needed improvement in the achievement of the DLIs.

4.0.1 DLI #1 Institutional Readiness

This basically seeks to measure the readiness of the project to take off. Under this, both the Basic and Full readiness had been achieved in the first year of the programme in 2019.

4.0.2 DLI #2 Development Impact of ACE Centre

This is not applicable to KNUST Engineering Education project according to the World Bank Evaluation Report issued on 30th March, 2023.

4.0.3 DLI #3 Quantity of Students with Focus on Gender and Regionalisation,

This looks at the number of new PhD and Master's students enrolled onto the programme. The Centre is expected to enroll 15 students in PhD and 20 students in Master's programme for the year 2022.

In the year under review, the Centre achieved the target by enrolling 49 PhD students and 99 Master's students respectively. Cumulatively, the Centre had achieved 100% of the total grant amount of US\$1,048,423 allocated for this target according to the 2023 World Bank Evaluation Report. Also, the target of 30% of students' enrolment (i.e. combined PhD, master's students & short courses) from the sub-region was achieved for the period up to 2022. This is in accordance with the 2021/2022 progress report of the Centre.

4.0.4 DLI #4 Quality of Education and Research

i. Programme Accreditation (National & International, GAP Assessment)

National Accreditation had been achieved for the programmes being run at the Centre. However, international accreditation is yet to be achieved.

A review of the progress report made showed that a contract had been signed in November, 2020 between the Centre and an independent international

organisation called AQAS Consultants to give international accreditation to the programmes. On April 24, 2023 the consultant visited the College to inspect the facilities and laboratory for the proposed accreditation.

A copy of the final GAP Assessment report, by Professor Samuel P. Owusu-Ofori from the Gambia University of Applied Science, Engineering and Technology was obtained to confirm the completion of the GAP Assessment.

At the time of reporting, the programme accreditation had achieved 60% and US\$303,803 was received out of US\$506,348 allocation. This was confirmed from the March, 2023 World Bank Evaluation Report and the 2021/2022 progress report of the Centre.

ii. Teaching and Research Infrastructure (building and laboratories)

The construction of a 2-storey building for teaching and learning for the postgraduate programmes had been completed and it is currently being used by the Centre.

Under this category, the Centre had achieved 67% and had received a total inflow of US\$607,620 out of US\$911,427 allocation. This was confirmed from the March, 2023 World Bank Evaluation Report and the 2021/2022 progress report of the Centre.

We commend the Centre Management for their effort in monitoring to ensure the building was completed and ready for use.

4.0.5 DLI #5 Relevance of Education and Research through externally generated revenue.

This has two (2) components as follows:

i. To generate revenue externally to support its activities

The Centre obtained a total inflow of US\$1,593,410 representing 100% from this category. This was confirmed in the March, 2023 World Bank Evaluation Report and the 2021/2022 progress report of the Centre.

ii. Student's internship.

The Centre was expected to put 40 postgraduate students through a relevant industrial internship programme. Our review showed that 30 students undertook industrial internship representing 42% for which an inflow of US\$103,437.00 was

received out of US\$249,132 allocation. This is referenced from the March, 2023 World Bank Evaluation Report and the 2021/2022 progress report of the Centre.

4.0.6 DLI #6 Timeliness and quality of fiduciary management

Under this, the Centre is expected to ensure timely fiduciary reporting, functioning Internal Audit Unit and Audit Committee, transparency of ACE expenditure and Procurement audit.

Internal audit report for 2022 has been submitted to Management of the Centre. Audit Committee has been functioning and evidence of minutes of meetings were available. The external auditors have completed their audit and have submitted the reports to the Centre Management.

In terms of achievement the World Bank had assessed the Centre as follows;

- Timeliness and quality of fiduciary - 38%,
- Timely fiduciary reporting - 40%,
- Functioning internal audit unit & committee - 30%
- Financial online transparency - 60%,

Total funds received stood at \$311,944. There is the need for improvement in these areas.

5 Conclusion

The activities of the Centre have been well managed especially when it comes to the achievement of the deliverables. Even though COVID-19 impacted on the activities of the Centre, much has been done to bridge the gap in terms of achieving the performance of the DLIs.

For those activities that are still in progress, we urge management to put in the needed effort to ensure they are fully achieved. On the construction of the building, as part of DLI#4, we commend management for their effort in monitoring to ensure that the building is completed and ready for use.

APPENDICES

APPENDIX 1: SUMMARY OF RECEIPTS AND PAYMENTS	
KEEP	
Details	Amount US\$
Opening Balance	1,932,543.67
Receipts	
Redemption of investment	50,000.86
Transfers received into the Dollar Account	1,014,464.56
Interest on Investment	3,765.90
	3,000,774.99
Payments	
Transfers from dollar account	1,615,618.85
Tuition fees	73,125.54
Daily subsistence allowance (DSA)	56,467.25
Workshop, conference and seminar	19,815.00
Students accomodation expenses	19,500.00
Foreign travel and subsistence	19,000.00
WASEND project expenses	4,692.00
Bank harges	4,191.00
IT expenses	3,000.00
Students permit expenses	1,830.00
Medical expenses	590.00
Total Payments	1,817,829.64
Closing cash balance as at 31.12.2023	1,182,945.35

NB:

The redemption of the investment was from Stanbic Bank Ghana.

APPENDIX 2: ANALYSIS OF CEDI TRANSACTIONS IN THE CASH BOOK	
KEEP	
Details	Amount GHC
Opening Balance	486,216.36
Receipts	
Transfers Received	11,185,484.00
Other Income - hiring of bus	7,000.00
	11,678,700.36
Payments	
Building expenses	4,673,909.48
Direct postgraduate training cost	2,045,110.79
Students stipend	826,082.40
Equipment, furniture and fittings	814,416.12
Students accomodation expenses	508,750.00
Transfers to Gambia project	444,555.50
Foreign travel and subsistence	372,306.59
Staff remuneration	370,004.98
GRA (withholding taxes)	184,285.01
Meeting allowance	159,841.97
Students research expenses	145,441.45
Workshop/Conference and seminar	92,632.46
Daily subsistence allowance (DSA)	76,360.08
WASEND Impact Project	75,668.70
Audit fees	63,699.48
Medical expenses	59,247.10
Gap assessment	58,039.20
Internship allowance	56,545.00
Meals, drinks and entertainment	54,327.78
Endowment fund	51,506.32
Vehicle maintenance	49,315.07
Call credit/data bundle	48,659.03
Innovation center project	41,397.41
Printing and stationery	37,904.27
Fuel expenses	19,594.85
Office expenses	17,121.60
Computer equipment	9,469.58
Cleaning and sanitation	8,581.29
Bank charges	4,383.19
Membership subscription	2,035.09
Students resident permit expenses	1,072.00
Total Payments	11,372,263.79
Closing cash balance as at 31.12.2022	306,436.57

FOLLOW UP OF 2021 EXTERNAL AUDITORS FINDINGS

#	Findings	Recommendations	Status of Implementation as at June 2023	Action Taken or Proposed to Be Taken to Implement Recommendations	Officer Responsible	Timeline for completion of Outstanding Recommendations	Comments / Remarks
1.	<p>Record keeping on Procurement Activities</p> <p>No chronological record-keeping as per the contract package was done at the College Procurement Office. This did not help the effective management of procurement activities and the verification of audit trail.</p>	Records on the procurement processes at the Centre must be enhanced as per each package separately.	Still unresolved	AC: Management to ensure that the EA's recommendation is adhered to	College Procurement Sub-Committee	Ongoing	