



Kwame Nkrumah
University of Science
and Technology, Kumasi

INTERNAL AUDIT DEPARTMENT

KNUST/IA/C/27

March 13, 2024

The Project Lead
KEEP
KNUST

INTERNAL AUDIT REPORT ON KEEP

We have completed our audit of the KNUST Engineering Education Project (KEEP) for the year ending December 31, 2023, and present our report for your consideration.

MOSES TSIQUAYE
(INTERNAL AUDITOR)

cc: Provost, COE
Finance Officer
College Finance Officer



Internal Audit Report

on

KEEP

(March, 2024)



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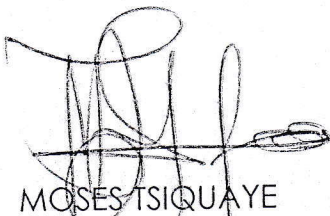
The Project Lead
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INTERNAL AUDIT REPORT ON KEEP

We have completed our audit of the KNUST Engineering Education Project (KEEP) for the year ending December 31, 2023, 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 existing internal controls to ensure that funds received from the World Bank have been accounted for properly.

Thank you.



MOSES TSIQUAYE
(INTERNAL AUDITOR)

cc: Provost, COE
Finance Officer
College Finance Officer

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1.0 Executive Summary

We have completed the audit of the activities of the World Bank Centers of Excellence (ACE) developmental impact project at the College of Engineering capped KNUST Engineering Education Project (KEEP).

The objective of the audit was to provide assurance services which form part of the fiduciary requirement to the World Bank. The audit covered both the financial and non-financial activities of the Center.

As a donor-funded project, we paid attention to the achievement of the Disbursement Link Indicators (DLIs) as these are linked to monetary inflows from the World Bank.

Summary of Receipts and Payments as at 31st December, 2023

Details	Amount US\$
Opening Balance 01.01.2023	1,182,945.35
Receipts	
Inflows from World Bank	1,054,862.62
Funds received – GAMBIA	229,055.50
Total income	2,466,863.47
Payments	
Transfer to Cedi Account	900,000.00
Other payments	575,430.92
Bank charges	6,148.12
Total payments	1,481,579.04
Closing balance as at 31.12.2023	985,284.43

NB:

Details of the above in both foreign and local currencies can be found in **appendices 1 & 2.**

Find below audit finding and recommendation

A) Audit finding

- ✓ There is a potential loss of income of US\$220,766 if the Center is unable to achieve some of the deliverables before the expiry project term ending June 30, 2025.

B) Recommendation

- ✓ We advise that the Center management should vigorously monitor the implementation of the DLIs to ensure they are fully achieved.

2.0 Introduction

The KNUST Engineering Education Project (KEEP) has been established as one of the Africa Centers 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 Centers 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 has been an extension of the ACE programme by one and half years ending June 30, 2025.

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 reviewed to ensure decisions were implemented. We therefore commend the team for a good work done.

The Project Agreement Documents, University's Accounting Policies and Procedures Manual, the Public Financial Management Act, 2016 (Act 921), the Public Procurement Act, 2003 (Act 663), etc. serve as a guide for the preparation of financial transactions. The Panacea software is used for processing financial transactions including the preparation of financial statements. For this reason, we checked the internal control inherent in the processing and the preparation of the account.

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, 2023. In performing the audit, the following were undertaken:

- ✓ Conducted entrance meeting with the Center 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 DLIs.
- ✓ Visited the Center's Website to ascertain information pertinent to the Center

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

- ✓ Some DLIs 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 Evaluation of the Disbursement Link Indicators (DLIs)

The DLIs are the deliverables set for the ACE Centers. The achievement of these deliverables would enable the World Bank to transfer/remit funds to the Center. 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 Center

This is not applicable to KNUST Engineering Education project according to the World Bank Evaluation Report issued on 5th December, 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 table presents actual and budget figures for the year 2023.

Students	Target Enrolment	Actual Enrolment	Percentage Achieved
PhD	15	42	280%,
Masters	20	91	455%
	35	133	

NB:

- Even though the Center achieved more than the target, the World Bank assess them based on the target.

Cumulatively, the Center had achieved 100% of the total funding allocation of US\$1,083,874.00 according to the 2023 World Bank Evaluation Report issued on 5th December as well as the 2023 Center's Annual Report.

Also, the target of 30% of students' enrolment (i.e. combined PhD and master's students) from the sub-region has already been achieved.

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 Center. Moreover, international accreditation had been achieved for these five programmes:

- PhD Electrical Engineering,
- PhD Sustainable Energy Technologies,
- MPhil Powers Systems Engineering,
- MPhil Renewable Energy Technology and
- Msc Renewable Engineering Technology.

The following are also relevant information at the time of the audit.

- Further review indicated that the Center submitted all the relevant documents to Agentur Fur Qualitatssicherung Durch Akkreditierung Von Studiengangen. E.V. (AQAS) – Germany as part of the self evaluation process. The documents included the curriculum of the postgraduate programmes namely, MPhil and PhD Telecommunication Engineering, PhD Sustainable Energy Technologies etc, that were to be evaluated.
- The CV's of all faculty members under the respective departments, guidelines for Higher degree research and the conduct of comprehensive examinations were all submitted. Based on the above, AQAS visited KNUST from April 25 to 27, 2023 for physical verification.

At the time of reporting, the programme accreditation had achieved 100% and the entire funding allocation of US\$506,348.00 had been earned. These were confirmed from the December 5th, 2023 World Bank Evaluation Report and the 2022/2023 Progress Report of the Center.

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 fully completed and it is currently being used by the Center.

Under this category, the Center had achieved 100% and had received a total funding allocation of US\$911,427.00. This was confirmed from the December 5, 2023 World Bank Evaluation Report and the 2022/2023 Progress Report of the Center.

We commend the Center 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

This component of the DLI emphasises on efforts put in place by the Center Management to ensure the Center generates revenue to support operations. The following funds were generated in the year under review:

1. Sustainable Energy Service Laboratory had secured a grant of Five Hundred Thousand Great Britain Pound Sterling (GBP500,000.00) to help drive growth and innovation in the Agriculture Sector.
2. Three hundred thousand United States Dollars (US\$300,000.00) was received from the Volta River Authority to establish a research chair.

Cumulatively, the Center received a total inflow of US\$1,768,480.00 representing 100% from the World Bank. These were confirmed from the 5th December, 2023 World Bank Evaluation Report and the 2022/2023 Progress Report of the Center.

ii. Student's internship.

The Center was expected to put fifty (50) postgraduate students through a relevant industrial internship programme. Our review showed that sixty two (62) students undertook the industrial internship for the year 2023.

Cumulatively, the deliverable had achieved an inflow of US\$103,437.00 out of US\$213,639.00 funding allocation. This is referenced from the 5th December, 2023 World Bank Evaluation Report and the 2022/2023 Progress Report of the Center.

4.0.6 DLI #6 Timeliness and quality of fiduciary management

Under this, the Center 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 2023 has been submitted to Management of the Center. The University's 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 Center Management.

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

- Timely fiduciary reporting - 58%,
- Functioning internal audit unit & committee - 77%
- Financial online transparency - 87%,
- Procurement quality – 100%

Total funds received cumulatively, stood at US\$335,070.00 out of US\$445,634.00 representing 75% achievement. This was referenced from the World Bank Evaluation Report issued on December 5, 2023.

5.0 Audit Findings

5.0.1 Potential loss of Funding Allocation of US\$220,766.00

Condition

A critical assessment of the total funding allocation of US\$5,784,484.00 available to the Center upon successful achievement of the DLIs, an amount of US\$5,563,718.00 was received as earnings from the World Bank. The balance of US\$220,766.00 remains unachieved even though the project has been extended to 30th June, 2025. Details can be found in **appendix 3**.

Criteria

The Financing Agreement between the World Bank and the country participating in the Africa Centers of Excellence for Development Impact Project.

Corrective action

- ✓ We advise that the Center management should vigorously monitor the implementation of the DLIs to ensure they are fully achieved.

Response from KEEP Management

We are confident of achieving all the deliverables and maximising the amount by the end of 2024 financial year. We are taking steps to ensure that we maximise the deliverables on students internship which is the most outstanding.

6.0 Conclusion

The activities of the Center have been well managed especially when it comes to the achievement of the deliverables. However, there are few of the deliverables which are not fully achieved, we therefore urge management to intensify their effort to ensure full achievement.

We commend the Center Management for having obtained US\$5,563,718.00 out of US\$5,784,484.00 funding allocated to the Center by the World Bank for all the deliverables. This represents 96% achievement of the funding for the 5-year project term.

The completion of the GAP Assessment of the postgraduate programme as well as the compliance with the procurement procedures as enshrined in the Public Procurement Act, 2003 (Act 663) as amended (Act 914) is a satisfactory effort.

Our assessment suggests that the Center Management did a good job as far as the entire project life and its activities are concerned.

We take this opportunity to thank the Center Management and the entire staff for the support they learnt to us during the engagement.

APPENDICES

APPENDIX 1: SUMMARY OF RECEIPTS AND PAYMENTS	
KEEP	
Details	Amount US\$
Opening Balance 01.01.2023	1,182,945.35
<u>Receipts</u>	
Inflows from World Bank	1,054,862.62
Funds received - GAMBIA	229,055.50
Total income	2,466,863.47
<u>Payments</u>	
Transfer to Cedi account	900,000.00
GAMBIA Project	203,181.00
Tuition fees	144,935.31
Daily subsistence allowance	72,189.00
Accommodation	54,027.90
Laboratory expenses	23,511.54
Foreign travel	18,813.67
Endowment fund	17,440.00
WASEND project	13,100.00
College retreat	10,000.00
Bank charges	6,148.12
Staff training and refresher course	5,500.00
Workshop conference and seminar	4,562.50
Professional development	4,500.00
Research and publication	2,830.00
Renewal resident permit	840.00
Total payments	1,481,579.04
Closing balance as at 31.12.2023	985,284.43

APPENDIX 2: ANALYSIS OF CEDI TRANSACTIONS IN THE CASH BOOK	
KEEP	
Details	Amount GH¢
Opening Balance	306,436.53
Receipts	
Transfers received	9,980,000.00
Funds received (Endowment)	109,000.00
Internally Generated Fund (IGF)	28,994.95
Total receipts	10,424,431.48
Payments	
Students Stipend	1,790,255.95
GAMBIA Payments	1,016,320.30
Maintenance of Building	648,739.97
Motor Vehicle	640,961.54
Staff Emolument	735,138.24
Travelling Expenses	655,409.82
Foreign Travel	494,075.09
Accomodation	491,316.83
Fixtures and Fittings	452,177.00
Laboratory Equipment	358,417.20
Building Expenses	329,422.68
Research and Publication	302,709.79
Withholding Tax(GRA)	285,533.52
Conference, Workshop and Seminer	272,819.29
Meals and Drinks	212,745.01
Computer Equipment	192,126.52
Call Credit and Mobile Data	144,679.15
Printing and Stationery	138,676.70
Equipment	133,858.52
I.T. Expenses	127,270.94
Internship Allowance	123,402.50
Audit Expenses	115,981.81
Shipping Expenses	114,964.59
Daily Subsistence Allowance(DSA)	94,120.78
Fuel Consumed	92,719.64
Medical Expenses	79,258.00
WASEND Project	62,500.26
Library Expenses	54,854.98
Maintenance of Vehicle	38,066.53
Advisory Board Expenses	31,369.74
Endowment Fund Payments	28,089.93
Accreditation Expenses	21,060.00

Office Expenses	18,556.00
Security Expenses(Uniforms)	15,756.00
Sitting Allowance	12,960.00
Invigilation Expenses	10,238.40
School Fees	8,395.88
Resident Permit(Renewal)	8,022.00
Bank Charges	6,633.21
Subscription Fees	2,627.94
Total payments	10,362,232.25
Closing balance as at 31.12.2023	62,199.23

APPENDIX 3: THE 5-YEAR TOTAL EARNINGS FOR KEEP, KNUST

#	DLIs	DLI INDICATORS	MAXIMUM EARNINGS US\$	TOTAL EARNINGS TO DATE US\$	TOTAL UNACHIEVED EARNINGS US\$	Total Earnings in Percentage (%)
1	DLI 1	Institutional Readiness	855,155.00	855,155.00	-	100%
2	DLI 3	Quality of Students with Focus on Gender and Regions	1,083,873.00	1,083,873.00	-	100%
3	DLI 4	Quality of Education and Research	1,417,775.00	1,417,775.00	-	100%
4	DLI 5	Relevance of Education and Research	1,982,048.00	1,871,845.00	110,203.00	94%
5	DLI 6	Timelines and Quality of Fiduciary	445,634.00	335,070.00	110,563.00	75%
		TOTAL	5,784,484.00	5,563,718.00	220,766.00	96%
		TOTAL	11,568,969.00	11,127,436.00	441,532.00	

Follow up on the Previous Years Audit findings

#	Findings	Recommendations	Status of Implementation as at 31 st December, 2023	Action Taken or Proposed to Be Taken to Implement Recommendations	Officer Responsible	Timeline for completion of Outstanding Recommendations	Comments / Remarks
1.	<p>External Audit Log Books</p> <p>The log books were not filled and signed by a Senior Officer</p>	<p>We recommend to the project management to ensure that the drivers fill the vehicle log books when the vehicles are assigned official duties.</p>	Resolved	<p>The external auditor's recommendation is endorsed</p>	Center Director	Resolved	<p>Since 2023 August, the log books have been updating.</p>
2.	<p>Accounting Software</p> <p>The Panacea reported account balances on its trial balance different from its ledger balances.</p>	<p>We recommend to the project management to contact the accounting software developers to resolve the incorrect balances and high exchange variations the system may provide in future.</p>	Resolved	<p>A new platform that has the dollar as the default currency has been created.</p>	UITS Director	Immediate	<p>Entries for dollar amounts are easily done in the system now.</p>