



Internal Audit Report

on

TRECK

(July, 2021)

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
INTERNAL AUDIT DEPARTMENT

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Date July 9, 2021

The Provost
College of Engineering
KNUST

INTERNAL AUDIT REPORT ON TRECK

We have completed our audit review on KNUST Regional Transport Research and Education Centre at the College of Engineering for the year ended December 31, 2020.

The audit forms part of the Internal Audit fiduciary requirement to the ACE programme as specified in the Project Financing Agreement. Our audit work took into account the testing of accounting procedures and internal controls on how funds received from the World Bank have been accounted for. The audit review is expected to be carried out annually for the duration of the ACE programme.

We welcome issues or questions that need further clarifications, and wish to express our appreciation to all staff who assisted us in various ways with information during the audit.

MOSES TSIQUAYE
(DEPUTY INTERNAL AUDITOR)

Cc: Finance Officer
Centre Director, TRECK
College Finance Officer

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1.0 Executive Summary

We have completed the audit review of the activities of World Bank Donor Funded Project capped Regional Transport Research and Education Centre, Kumasi (TRECK) and submit our report for your perusal. The scope of the audit is from January to December 31, 2020, and covers both financial and non-financial. As a Donor funded Project, we paid more attention to the achievement of the Disbursement Linked Indicators (DLIs).

A summary of the DLIs and the progress made in terms of their achievement have been highlighted in this report. The main objective of the project is to strengthen the quality of postgraduate education and research and increase enrolment.

Summary of findings.

- ✓ The enrolment of students into PhD and MSc is progressing steadily.
- ✓ Regionalisation of students is on course, except the target has not been achieved.
- ✓ Quality of Education and Research has three components, namely gap assessments, international accreditation and research infrastructure, and all are in progress.
- ✓ All the assets acquired for the project have not been labelled with unique numbers.

Below is the summary of receipts and payments.

Details	Amount US\$
<u>Receipts</u>	
Receipts**	1,187,108.51
Amount Available	1,187,108.51
<u>Payments</u>	
Transfer to Cedi accounts**	280,000.00
Dollar payment**	174,572.69
Bank charges	50.00
Total Payments	454,622.69
<i>Closing Cash Balance as at December 31, 2020</i>	
	732,485.82

NB:

- i. **Refer to **appendix 1**. We can confirm that the balances are correct.
- ii. Again, details of the Cedi transactions can be found in **appendix 2**.

2.0 Introduction

The KNUST Regional Transport Research and Education Centre, Kumasi (TRECK) has been established as one of the Africa Centres of Excellence (ACE) for Development Impact, an initiative of the World Bank with collaboration with Participating countries to undertake applied research with industry, train high calibre manpower at the postgraduate (MSc/PhD) level, run demand-driven short courses and undertake technology transfer for the transport sector in the region. The World Bank offered the ACE a grant amounting to SDR4,608,000 equivalent of US\$6.4million to support the project.

An aspect of the Objective in the area of training of Foreign Students to generate revenue is captured in the University Vision 2020 - 2024 under Theme 7 "Resource Generation and Management" point 7.5.6 "Hunt for projects that support the inclusion of foreign students training".

The Centre has a Leadership/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 document allows for two sets of Boards to be established. The Centre has in place a 6-member International Scientific Advisory Board with oversight responsibility, and a 7-member Sectoral Advisory Board (SAB). The two Boards are all in place.

The University's Accounting Policies and Procedure Manual, the Public Financial Management Act 2016, (Act 921), the Public Procurement Act (Amendment) Act 2016 (Act 914) serves as a guide for the preparation of financial transactions. The **Panacea** software is used for the recording of financial transactions. We examined the internal controls on the receipts and payments and can confirm they are working.

One of the thematic areas DLI6, Timelines and Quality of Fiduciary Management relates to the review of the Internal Audit, oversight responsibility of the Audit Committee and the work of the External Auditors. It is for this reason that we have schedule the audit of this project to be reviewed annually.

The project objective has been structured as (DLI) and therefore our review and report are along the lines of DLI

3.0 Methodology and Scope

We have completed the audit review of the activities of Regional Transport Research and Education Centre, Kumasi (TRECK) and submit our report for consideration. The period for the audit covered the financial year ending December 31, 2020. The audit forms part of the Centres fiduciary requirement to the world Bank.

In performing the audit, the following were undertaken;

- ✓ Conducted entrance meeting with the Centre Project team to understand and update the audit team's knowledge on current happenings.
- ✓ Inquired of the significant changes that have 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 Donors requirements (i.e. DLIs).
- ✓ Visited the Centre's Website to ascertain information and corroborate information of progress made on the project.

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

- ✓ Some DLIs may be missed out leading to non-disbursement of project funds.
- ✓ Procurement Laws may not be followed in the acquisition of items.
- ✓ Disbursement or transfers from the Dollar account to the local Cedi account may not have been approved.
- ✓ Expenditures may not be approved by the senior officials.
- ✓ Expenditures made may not be according to the project budget lines.
- ✓ Bank reconciliation statements prepared may not be reviewed, with irregular transactions causing disagreement of cash book balance with the bank balance.
- ✓ Assets acquired may not be labelled which may lead to loss.

The above were therefore factored into the audit programme to ensure that risks arising from weak internal controls have been detected and recommendations given to correct them. This also involves assessing the operating internal controls to ensure they are working.

A draft report is expected to be issued to enable us obtain responses from the Project Management which would be incorporated in the final report to the College Provost.

4.0 Relevant Information

The following were some of the Disbursement Linked Indicators (DLIs) we focused on during the audit.

- ✓ **DLI#1 Institutional Readiness.** This seeks to measure the readiness of the project to take off. Both Basic and Full readiness have been achieved in the first year of the programme i.e. 2019. Relevant documents could be accessed online at their website.
- ✓ **DLI#2 Development Impact of ACE Centre**
This involves an independent, external evaluation of the development impact of the ACE Centre and is expected to be conducted in Year 3 and 4, i.e. 2021/2022.
- ✓ **DLI#3 Quantity of Students with Focus on Gender and Regionalisation,** this looks at the number of students to be enrolled onto the programme. Significant progress has been made, and we believe this would be achieved before the project ends.
- ✓ **DLI#4 Quality of Education and Research.** Under this, the indicators are
 - *Programme Accreditation (both International and National).* An international consultant, AQAS based in Germany has been contracted to undertake the exercise, which is expected to be completed by December 2021
 - *Research Publications.* – The Centre has made 29 research publications.
 - *Research Infrastructure (building and laboratories).* At the time of reporting, procurement process has started to acquire a Consultant to do technical assessment of the building drawings.
- ✓ **DLI#5 Relevance of Education and Research through externally generated revenue.** With this target, the Centre is supposed to generate external revenues to support its activities. As at the time of the audit, an amount of US\$200,000.00 has been generated through projects and consultancy.
- ✓ **DLI#7 Institutional Impact**
This target is to involve the University in the ACE project and primarily covers the openness and competitive selection of head of institutions.

5.0 Audit Findings

5.1 Under DLI #3 the project is expected to do the following enrolment

- ✓ Even though the project is expected to enrol 47 PhD students for the project duration, at the time of the audit 41 PhD students have been enrolled leaving 6 more to achieve the target.
- ✓ The MSc is expected to enrol 95 students, but at the time of the audit 59 students have been enrolled leaving 36 more to be achieved.
- ✓ On short courses, the project has trained 25 students out of 290 target students. There is the need for management to improve this area.
- ✓ 30% of PhD, MSc students and Short term courses should come from the sub-region. At the time of the audit, we noted that 20% has been achieved.
- ✓ As at the time of audit, an amount of US\$398,894.82 was paid on behalf of students in respect of tuition fees and other costs such as stipends.

5.2 Under DLI #4, there is supposed to be international and local accreditation for the existing programmes, research publications and teaching and learning infrastructure.

- ✓ For local accreditation, the Centre has submitted to National Accreditation Board for accreditation on MSc Transport Leadership programme. There is also revamping of existing programmes for reaccreditation
- ✓ As with the International Accreditation, the Centre is currently going through procurement to engage a consultant for the gap assessment.
- ✓ The Centre has made 29 research publications against a target of 10 for the year.

5.3 Under DLI #5 Relevance of Education and Research through externally generated revenue

- ✓ At the time of audit, US\$40,000.00 have been generated out of the target of US\$200,000.00 for the year.

- ✓ On the number of students and faculty on internship, the Centre achieved its target of 20, as forty six (46) students undertook six weeks internship within the transport industry.

5.4 DLI #7 Institutional Impact

- ✓ At the time of the audit, the Centre had written to the University management to set up a committee to implement the activities to achieve this deliverable.

5.5 All the asset acquired for the project have not been labelled with unique numbers for monitoring purpose.

6.0 Conclusion -

The activities of the Centre have been well managed especially when it comes to the deliverables. Achieving 41 and 59 enrolments in PhD and MSc respectively, half way into the 5-year programme, is a significant achievement.

With regards to the Short Courses, only 25 out of the 290 target have been achieved. This is not good enough and calls for significant measures to achieve them. Out of 30% target of students to enrol from the sub-region, 20% has been achieved. Management therefore have to increase their sub-regional programmes to attract more students.

Even though the Covid19 has impacted on the operations of TRECK, management has to put in much effort to achieve the set targets.

Appendix

1. Receipts and Payments

Items	Amount US\$
<i>Receipts</i>	
Transfer from World Bank	1,085,126.27
Transfer from World Bank	<u>101,982.24</u>
	1,187,108.51
<i>Transfers</i>	
Transfer to Cedi account	280,000.00
	280,000.00
<i>Dollar payments</i>	
Local and foreign travel	78,560.20
Scholarship/tuition fee	63,174.20
Accommodation/hostel expenses	21,165.00
Staff training	9,499.99
Student stipends	1,080.00
Internet and other ICT	796.00
Registration & licensing	240.00
Bank charges	<u>107.30</u>
	174,622.69
<i>Closing Cash balance as at December 31, 2020</i>	732,485.82

2. Analysis of Cedi Transactions

Receipts	Amount GH¢
Transfer from Dollar to Cedi account	1,618,500.00
Refunds of deposit	1,234.20
	1,619,734.20
Less payment	
Students stipends	484,466.28
Local & foreign travel and subsistence	221,208.73
Staff salaries	218,126.81
Purchase of equipment, fixtures & fittings	177,536.75
Payment of withholding taxes	52,213.26
Maintenance of Building	47,398.25
Internship allowance	42,000.00
Audit Fee	39,930.38
Telephone, internet & other ICT charges	29,830.87
SAB/Centre review meetings	29,246.43
Short courses	24,138.25
Entertainment & meals	20,517.45
Printing & stationery	18,060.57
Cleaning & sanitation	15,167.18
Accommodation & hire of conference room	14,488.99
Repairs & maintenance	10,194.05
Clearing charges	9,786.04
Fuel, Gas & lubricant	9,240.45
Office expenses	6,871.50
Year-end package	5,220.00
Materials and consumables	4,022.80
Advertisement	3,735.05
Professional subscription	1,893.84
Bank Charges	1,035.03
Courier and Postal Charges	203.19
Total	1,486,532.15
<i>Closing Cash balance as at December 31, 2020</i>	<i>133,202.05</i>